

Sitronix Annual Report 2023

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Spokesrman:

Name : Tom Huang

Title : Director, Sustainability & Investor Relations

Tel : +886-3-5526500

Fax : +886-3-5526501

email : spokesperson@sitronix.com.tw

Acting Spokesrman:

Name : WY Sun

Title : Technical Director, Strategic Investment

Tel : +886-3-5526500

Fax : +886-3-5526501

Headquarter and Taipei Office:

Headquarter : 11F-1, No. 5, Taiyuan 1st St., Zhubei City Hsinchu County 302, Taiwan

Tel : +886-3-5526500

Taipei Office : 6F., No. 608, Ruiguang Rd., Neihu Dist., Taipei City 114, Taiwan

Tel : +886-2-26591276

Transfer Agent:

Company: Stock-Affairs Agency Department of Taishin Securities Co., Ltd.

Address : B1, No.96, Sec.1, Jianguo N. Rd., Taipei City

Tel : +886-2-25048125

Fax : +886-2-25154900

Website: <https://www.tssco.com.tw>

Auditor:

Company : Deloitte & Touche

Auditors : Cheng Chih Lin 、 Mei Chen Tsai

Address : 6F, No. 2, Prosperity Rd. I, Hsinchu Science Park, Taiwan, R.O.C

Tel : +886-3- 5780899

Fax : +886-3- 5772218

Website : <https://www.deloitte.com.tw>

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Not Applicable

Company website: <https://www.sitronix.com.tw>

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Chapter 1 Letter to Shareholders

Dear shareholders,

I. Operating Performance in 2023

(I) Implementation results of the business plan

In 2023, Sitronix's annual consolidated operating revenue totaled about NT\$16.7 billion, its consolidated operating gross profit was NT\$5.71 billion, its consolidated net profit after tax was NT\$2.42 billion, and its after-tax EPS was NT\$15.5 per share.

In 2023, the purchasing power of major global markets weakened as the United States raised interest rates to control inflation. The recovery of the post-covid economy in China is lower than expected. Despite inventory adjustments, an economic downturn, and exchange rate fluctuations, Silicon Creation's inventory has already returned to a healthy level in the second quarter. The revenue of the four major product segments (Internet of Things, Industrial, Sensor chips, and Automotive) has also started to recover. In terms of cost control, the company implemented a cost improvement plan at the beginning of the year, carefully considering the possibility of cost optimization at each stage. Consequently, gross profit has experienced a significant rebound in the subsequent two quarters, showcasing the management team's remarkable achievements in planning and execution. As we strengthen our current market position, we also focus on enhancing long-term profitability. This involves gradually introducing next-generation products that offer a competitive advantage and optimize our future portfolio.

Sitronix has achieved high market visibility in the capital market by being included in the 10 constituent stocks compiled by Taiwan Index Company. It is also associated with passive funds focused on high dividends, semiconductors, and sustainability. This demonstrates the company's outstanding profitability, dividend distribution, and corporate sustainability performance. Furthermore, Sitronix and its subsidiary, Sensortek, have been honored with four prestigious Taiwan Investor Relations Institution Awards. They were voted the Best Investor Relations

companies among large-cap TWSE-listed and TPEx-listed companies for the year 2023 by institutional investors and the media professionals. This recognition underscores Sitronix's unwavering dedication to information transparency and market communication, which has garnered high praise from institutional investors.

Sitronix is a global leader in developing small and medium-sized display drivers and smartphone sensor chips. Their display driver IC products are used in the Internet of Things (IoT), industrial, and automotive sectors. Sitronix has successfully entered various application markets, including wearables, health, education, smart homes, communications, industrial equipment, and offices, with a focus on green technology that utilizes zero capacitance and low power consumption. Their subsidiary's sensor chips are at the forefront of mobile phone proximity and ambient light-sensing technology. They have also developed innovative products such as flash frequency detection, electromagnetic wave absorption rate sensing, atmospheric pressure sensing chips, and high-end gyroscopes. As a result, they are major suppliers of mobile phones, smartwatches, true wireless earphones, and smart home appliances. The company has promising future growth prospects.

(II) Budget performance

Sitronix did not provide the financial forecast for 2023; thus it is unnecessary to disclose the budget performance.

(III) Profitability analysis

Item Analyzed \ Year		2023 (Note 2)	2022 (Note 2)
Return on Assets (%)		12.24%	19.86%
Return on Equity (%)		16.46%	28.23%
Ratio in Paid-in Capital (%)	Operating Profit	208.39%	394.75%
	Income before Tax	236.44%	425.05%
Net Profit Rate (%)		14.45%	23.46%
Net Profit Per Share (NT\$) (Note 1)		15.50	30.10

Note 1: Calculated by the weighted average number of shares outstanding in the current year.

Note 2: Consolidated financial information using IFRS.

(IV) The condition of research and development

Sitronix is dedicated to developing touch applications in the Internet of Things, industrial, and automotive fields. We also specialize in developing touch display driver products for smartphones.

The subsidiary is also developing proximity detection and ambient light sensing chips with higher sensitivity to cater to the requirements of high-end customers. Additionally, it focuses on developing ambient light sensing chips explicitly designed for thin watches and proximity detection chips for true wireless earphones. At the same time, we are continuously optimizing products with long-term potential. This includes improvements in frequency hopping detection, advanced gyroscopes, atmospheric pressure sensor chips, and sensor chips that measure electromagnetic radiation absorption rates.

II. Business Plan Summary for 2024

In 2024, Sitronix will persistently adhere to the product differentiation and diversification strategy.

Regarding product differentiation strategy, Sitronix continues to innovate its technology to provide zero-capacitor, low-power, and touch technologies.

Sitronix's product diversification strategy encompasses various DDI markets, such as the Internet of Things (AIoT), industrial, wearable devices, healthcare, education, and automotive. In addition, we offer a range of non-DDI products, including optical sensor chips, MEMS sensor chips, capacitive sensor chips, MCUs, and power management ICs.

III. Future Development Strategies of the Company

Sitronix will continue developing new products for specialized applications to meet specific needs and target niche markets. Furthermore, we will expedite product updates to address emerging market demands. Additionally, we will actively explore new markets to ensure our products deliver value to end customers and establish ourselves as a critical partner in their product development journey. We aim to leverage our brand and technological advantages to enhance the company's operations and profitability.

IV. Impacts of External Competition, Regulatory, and Overall Business Environment

Sitronix is dedicated to corporate sustainability and governance. To steadily respond to the dynamic external environment, we continue to pay attention to the external competitive environment, regulatory trends, climate risks, and changes in the overall operating environment.

Once again, we would like to thank you for your long-term interest and support. Sitronix will integrate our employees' intelligence to expand new customers and application markets, create corporate value, and allow shareholders, customers, and employees to share the fruits of our operations.

Wishing you good health and happiness!

Sitronix Technology Corp.

Chairman: Vincent Mao

Chapter 2 Company Profile

I Company Profile

(I) Date of Incorporation

The Company was established on July 9, 1992.

(II) Company History

1992	✦	Guanlin Technology was incorporated in Taipei with a capital of NT\$5 million.
1993	✦	Established a microcontroller software design team.
1994	✦	Made a cash capital increase of NT\$5 million.
1995	✦	Established a computer peripheral software design team.
1996	✦	Established a consumer electronics software R&D team.
1997	✦	Made a cash capital increase of NT\$10 million.
1998	✦	Made a cash capital increase of NT\$50 million.
	✦	Micro Advance Technology Company Limited officially changed its name to "Sitronix Technology Corp." and reconstructed and transformed it into an IC design company.
	✦	Established a consumer IC design team and set up the System-on-Chip (SOC) Business Unit.
	✦	Gained the investment incentive of "Important Technology Enterprise" from the Industrial Development Bureau, Ministry of Economic Affairs.
1999	✦	Completely transformed into an IC design company.
	✦	Launched a SOC-based consumer IC product.
	✦	Established the Liquid Crystal Display (LCD) Driver Business Unit.
	✦	Made a cash capital increase of NT\$110 million.
2000	✦	Mr. Chen-Chang Hsu, the corporate representative of Wintek Corporation, served as the chairman of the Company.
	✦	Public offering approved by the Securities and Futures Commission, Ministry of Finance.
	✦	Launched electronic dictionary chips and LCD Drivers for OA.
2001	✦	Successfully developed the LCD Driver displaying Chinese fonts and LCD Driver for PDAs.
	✦	Gained the investment incentive of the "Important Emerging Strategic Industry" from the Industrial Development Bureau, Ministry of Economic Affairs.
2002	✦	The first LCD Driver for mobile phones was mass-produced and delivered.
	✦	Launched a new generation electronic dictionary platform.
	✦	Launched a HIFAS series of LCD drivers.
	✦	Made a cash capital increase of NT\$35 million.
	✦	Listing and transactions on the Emerging Market approved by Taipei Exchange (TPEx), under the stock code of R246.
2003	✦	Obtained the "Letter of Opinion on Successfully Developed Product/Technology with Market Potential by a Technology Enterprise" from Technology Enterprise Commission, Industrial Development Bureau.
	✦	Approved by the Ministry of Economic Affairs to invest and set up factories in mainland China.
	✦	Launched the LCD Driver for color mobile phones.
	✦	Officially listed on the Technology Sector of Taiwan Stock Exchange (TWSE) under the stock code 8016 on December 25, 2003.
2004	✦	Indirectly invested in Sitronix Technology (Shenzhen) LLC to engage in the development, sales, and after-sales service of computer hardware and software products and provide related technical consulting services.
	✦	Successfully developed the TFT-LCD driver ICs for mobile phones.
	✦	Successfully launched the high-end electronic dictionary chipset.
	✦	Started mass production and delivery of the CSTN Driver IC for mobile phones.

2005	✦ Reinvested in Sida Technology Corporation with a 55% shareholding.
	✦ Completed a new generation architecture platform for electronic dictionaries.
	✦ Established the technology of hardware and software for music players.
	✦ Completed the research and development of the educational toy product line.
	✦ Completed the CSTN Driver for the HIFAS architecture.
	✦ Introduced TFT Mobile Driver for mass production.
	✦ Built the technical capability for the Large Panel Driver.
2006	✦ Reinvested in Sifa Technology Corporation with a 25% shareholding.
	✦ Passed the global quality certification SGS ISO-9001.
	✦ Completed the audio DSP software and hardware development.
	✦ Built the software and hardware platform for 32-bit CPUs.
	✦ Introduced the HIFAS Color STN Driver for mass production.
	✦ Built the technology for LCD drivers for automobiles.
	✦ Introduced the Mobile and Monitor TFT Driver for mass production.
	✦ Built the R&D technology for LCD TV Driver.
2007	✦ Named as one of the top 50 IC design houses in IC Insights' Strategic Reviews for the first time in 2007.
	✦ Made a cash capital increase of 3.5 million common shares by private placement and successfully introduced strategic partners.
	✦ Monthly sales broke through NT\$600 million for the first time.
	✦ Built an 8-bit and 32-bit digital photo frame system.
	✦ USB interface single chip for wafer reader was recognized by international manufacturers and introduced for mass production.
	✦ Introduced the Green Driver MSTN/CSTN for mass production and built the R&D technology for Green Driver TFT.
	✦ Introduced the automobile LCD Driver for mass production.
	✦ Completed the new technology of Crosstalk compensating circuit and introduced it for mass production.
	✦ Introduced the Monitor TFT Driver for mass production.
	✦ Completed the verification of 8 bits Source Driver for LCD TV.
	✦ Completed the verification of 400 Channels Gate Driver for LCD monitors.
	✦ Completed the verification of 1200 Channels Source with 480/600 Channels Gate for AV monitor.
2008	✦ Built a multi-functional personal karaoke player.
	✦ Introduced the Palette Driver for mass production.
	✦ Researched and developed the E-Paper driver IC.
	✦ Introduced the LCD driver IC for CABC & Dot Inversion TFT mobile phones.
	✦ Started the mass production of 6 bits 642/720 Channels Source Driver/400 Channels Gate Driver for LCD monitors.
	✦ Completed the verification of 6 bits 960 Channels Source Driver/8 bits Source Driver for LCD monitors.
	✦ Started the mass production of 1200 Channels Source Driver and 600 Channels Gate Driver for low-price notebook panels and completed the verification of 480 Channels Gate Driver.
2009	✦ Started the mass production of products with small-size TFT LCD driver single-chip built-in capacitor technology.
	✦ Started the mass production of products with small-size TFT LCD driver single-chip built-in backlight power-saving technology.
	✦ Researched and developed the TFT LCD drive single-chip Green Driver technology for mobile phones.

2009	✦ Started the mass production of mini-LVDS/RSDS 6 bits 960 channels COF source driver for LCD monitors.
	✦ Completed the verification of mini-LVDS 6 bits 1026 channels COF source driver for LCD monitors.
	✦ Completed the verification of mini-LVDS 768 channels COG source driver for notebook panels.
	✦ Started the mass production of 2 Channels protection chips for game console power adapters.
	✦ Completed the verification of 4 Channels/3 Channels protection chips for switching power supplies.
	✦ Started the mass production of source driver for 1200 Channels built-in Timing Controller for digital photo frame panels.
	✦ Multimedia e-cards.
2010	✦ A new generation of multi-functional control chips and processing platform.
	✦ Portable music singing solution.
	✦ Audio and sound control platform.
	✦ The program of 32-bit processor applied in the learning machine market.
	✦ A new generation of 32-bit processor chips.
	✦ The controller chips for Apple accessories products.
	✦ Expanded the driver ICs built-in capacitor products for mobile phones.
	✦ Built the small-size, medium, and high-resolution drive IC technology without capacitors.
	✦ Researched and developed the small-size driver ICs of integrated circuits for reducing memory unit.
	✦ Built the driver IC high-speed single-channel interface technology for mobile phones.
	✦ Started the mass production of mini-LVDS 768 channels COG source driver for notebook panels.
	✦ Completed the verification of the 960ch gate driver supporting Dual gate architecture for medium-size panels.
	✦ Completed the verification of source driver with 1200 channels built-in Timing Controller for automotive panels.
	✦ Started the mass production of mini-LVDS 6 bits 1026 channels COF source drivers for LCD monitors.
	✦ Started the mass production of Source/Gate drivers for industrial panels.
2011	✦ Expanded the TFT LCD single-chip driver built-in capacitor products for mobile phones.
	✦ Expanded the TFT LCD single-chip driver built-in capacitor products for mobile phones.
	✦ Built the TFT LCD medium and high-resolution drive single-chip technology without capacitors for mobile phones.
	✦ Built the driver single-chip high-speed single-channel interface technology for mobile phones.
	✦ Introduced the new STN Driver IC for customer testing and successfully introduced for mass production at the end of the year.
	✦ Completely developed the TN Driver COG IC and introduced it to the market for promotion.
	✦ Developed the medium-sized TFT 800*480 resolution 2 chip solution, high pin count gate driver, built-in timing generation circuit, driver IC supporting 1024*768 resolution, and arbitrary resolution timing generation circuit.
	✦ Developed the driver IC built-in timing generation circuits, real 8-bit driver ICs, and temperature compensation circuits for automotive TFT panels.
	✦ Started the mass production of multi-finger touch solutions for tablet computers.
	✦ Passed the certification of Win7 10-finger touch Logo.
	✦ Built the Single-layer ITO touch sensing technology.
	✦ Started the mass production of a new generation of five-finger touch single chip for 2012 and 2013 smartphones.
	✦ Launched a multi-finger touch single chip designed specifically for tablet computers.
	✦ Completed the support of OGS (One Glass Solution) multi-finger touch technology.
	✦ Built the multi-touch technology that is resistant to high noise of power adapters.
2012	✦ Built the drive single-chip technology with small-size, TFT LCD, medium and high resolution, without capacitors.
	✦ Developed the driver IC with built-in timing generation circuits and power circuits.
	✦ Developed the control chip for 3D glasses.

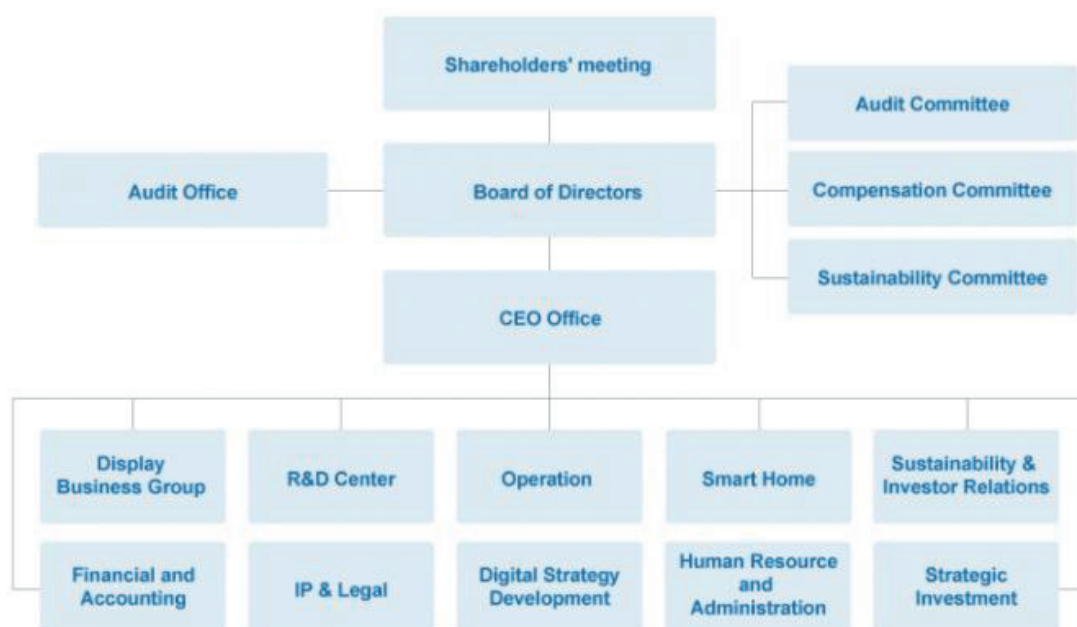
	✦ Mono-STN Green Driver external power supply system.
	✦ Developed the 1024*600 resolution 2 Chip solution.
2013	✦ Built the TFT LCD driver IC with high-speed interface, high-speed SRAM, Line buffer technology for mobile phones.
	✦ HD720(800*1280) for LTPS LCD Driver.
	✦ Built the small-size drive single-chip technology with TFT LCD, medium and high resolution without capacitor for feature phones.
	✦ Developed the ES of PND 480x272 0C driver ICs.
	✦ Researched and developed the STN DRIVER NEW BOOST SYSTEM WITH ZERO CAPS.
2014	✦ 2/4 direction gesture control proximity sensor.
	✦ Small sensor hole proximity sensor.
	✦ 320*240 resolution STN display driver IC for industrial instrument.
	✦ 480*272 resolution color TFT display driver IC for Smart Home product.
	✦ HVGA(480*320) Zero Cap a_Si TFT LCD driver IC.
	✦ HD720(1280*800) a_Si TFT LCD driver IC.
	✦ WVGA Burst Out DC/DC Convertor for Zero Cap Driver IC.
	✦ MIPI with 1.5G pbs Lane Speed.
	✦ Touch IP for TDDI (Touch + display driver) Integrated IC.
2015	✦ 320*240 STN with LVDS display driver IC for industrial instrument.
	✦ 800*480 STN display driver IC for industrial instrument.
	✦ 1.5 m/m small-sensor-hole proximity sensors.
	✦ 1920*720 1440-channel TFT display driver IC for automotive center stack/instrument cluster.
2016	✦ Announced to launch the HD720 Zero capacitor version.
	✦ Announced to launch the FHD Zero capacitor version.
2017	✦ Started the mass production of automotive touch controllers.
	✦ Launched the upgraded version of the proximity sensor.
2018	✦ Launched the low-power consumption industrial DDI products.
	✦ Launched the micro-gap distance sensor and under-screen distance sensor.
2019	✦ Launched the upgraded version of the distance and ambient light sensors.
	✦ Launched the advanced driver IC for industrial displays.
	✦ Launched the drive chip for wearable display.
2020	✦ Launched the RGB + Flicker sensor for mobile phones and cameras.
2021	✦ High sensitivity slit-type light sensor.
	✦ HD TFT integrated display driver and capacitive touch control IC
	✦ TFT display driver IC with QSPI interface for wearable devices.
	✦ MCU-based generator voltage regulator control chip for automobiles.
	✦ Capacitive touch control IC for advanced wearable devices.
	✦ Display driver IC for smart meters.
	✦ Executed the division of the Company's Vehicle Business Division to Forcelead Technology Corp.
2022	✦ First Sustainability Report issued and accredited by AA-1000 Type 2.
	✦ Ultra low power consumption industrial display driver IC.
	✦ Second generation of 7" STN display driver IC for industrial instrument.
	✦ 360x390 display driver IC with RAM TFT for wearable devices.
	✦ 400x400 AMOLED display driver IC for wearable devices.
	✦ High-sensitivity under-screen InP distance sensor and light sensor.
	✦ Pressure sensor for height detection.
2023	✦ Completed the initial greenhouse gas inventory and obtained external verification.
	✦ Established the Risk Management Committee.

	✦ A subsidiary specializing in automotive display driver ICs, Forcelead Technology Corp, was listed on the Emerging Stock Market in December under the stock code 6996.
	✦ Ultimate borderless touch and display driver integrated IC for AIoT.
	✦ 560*560 ultra-high resolution touch and display driver integrated IC for wearable device.
	✦ High-brightness PMOLED display driver IC designed for industrial. It also includes a 5-inch panel STN display driver IC.
	✦ Display driver IC with automotive enhanced EMI/ESD solution.
	✦ Display supports VESA DSC and a high/dynamic frame rate for Full HD TFT.
	✦ Integrated a multi-channel ambient light (UV+ALS+RGB) sensor with a flicker sensing chip.
	✦ Atmospheric pressure sensor chip with a waterproof feature.

Chapter 3 Corporate Governance Report

I Organization

(I) Chart of Organization Structure



(II) The Business of Each Major Department

CEO Office	<ol style="list-style-type: none"> 1. To establish the company's operational policies, major strategies and operation goals. 2. To plan and implement strategic investment cooperation.
Audit Office	To implement and manage internal audits and improve management performance.
Financial and Accounting	<ol style="list-style-type: none"> 1. To coordinate the funds, establish and maintain related accounting systems. 2. To deal with matters related to the shareholder meeting, and stock-related business.
IP & Legal	Collaboration and management of corporate contracts, legal affairs, patents, and other intellectual property matters.
Digital Strategy Development	Management of information security and operational system applications within the corporate.
Human Resources and Administration	<ol style="list-style-type: none"> 1. To implement matters relate to HR planning, training development, and employee bonus and benefits. 2. To manage general matters, procurement, insurance, occupational safety and health, and property management.

Strategic Investment	<ol style="list-style-type: none"> 1. New technology and new application market research and feasibility studies and implementation. 2. Technical team investment investigation and feasibility studies and execution. 3. Evaluation and execution of product and market growth-related matters for the new team after the investment.
Sustainability & Investor Relations	<ol style="list-style-type: none"> 1. To promote sustainable development and report regularly on the implementation of the Sustainability Committee. 2. To implement the corporate governance system and improve information disclosure and information symmetry. 3. To provide environmental, social, and corporate governance objectives, strategies and implementation plans. 4. To focus on stakeholder concerns and integrate internal and external communication. 5. To publish and respond to external information, and establish a communication network between investors and media. 6. To summarize market and industry dynamics to provide a reference for the management team's decision-making.
Smart Home	To design and produce products related to home electric power systems and fire prevention and mitigation systems.
Operation	<ol style="list-style-type: none"> 1. To be responsible for the product sales services. Expansion and marketing plans for domestic and foreign markets. 2. Services related to customer complaint analysis and response. To develop application software and verify functions for related products. 3. Delivery reply, delivery deadline tracking, and management of customer services. 4. Planning and implementation of product development activities. 5. Planning and implementation of product quality and product delivery. 6. Monitoring and improvement of products and supplied commodities. 7. Planning and implementation of product cost improvement.
R&D Center	<ol style="list-style-type: none"> 1. To be responsible for specification planning, product development, market information collection, production, and customer support for vehicle electronics. 2. To develop application software and verify functions for related products. 3. Development and maintenance of product system validation tools and methods. 4. IC layout drawing preparation and document backup. 5. Development and maintenance of various circuit architectures and hardware and software core tools related to the previous items.

Display Business Group	<ol style="list-style-type: none"> 1. To be responsible for specification planning, product development, market information collection, production, and customer support for display drive products. 2. To be responsible for specification planning, product development, market information collection, production, and customer support for touch control products. 3. To develop application software and verify functions for related products. 4. Development and maintenance of product system validation tools and methods. 5. IC layout drawing preparation and document backup. 6. Development and maintenance of various circuit architectures and hardware and software core tools related to the previous items.
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II. Information of Directors, Supervisors, General Managers, Deputy General Managers, Assistants and Heads of Departments and Branches

(I) Information of directors

April 22, 2024; Unit: share, %

Title	Nationality or Place of Registration	Name	Gender Age	Selected (Entered Office) Date	Tenure	Date First Elected	Shareholding at the Time of Appointment		Current shareholding		Shareholding by Spouse and Minor Children		Shareholding through Nominees		Major Education and Work Experience	Position(s) Held Concurrently in the Company and/or in Any Other Company	Other Managers, Directors and Supervisors Roles Held by Spouse or Second-degree Relations			Remarks
							Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio			Title	Name	Relationship	
Chairman	R.O.C.	Vincent Mao	Male <u>61-70</u>	7/27/2021	3 years	7/9/1992	1,771,699	1.47%	1,771,699	1.47%	81,243	0.07%	-	-	EMBA, National Taiwan University Institute of Microelectronics, Cheng Kung University General Manager, Sitronix Technology Corp. Market Planning, United Microelectronics Corp.	Chairman & CEO, Sitronix Technology Corp. Chairman, Sitronix Holding International Limited. Director, mCore Technology Corp. Director, Sensortek Technology Corp. Chairman & CEO, Forelead Technology Corp. Director, INF/Sitronix Technology Corp. Chairman, Sitronix Investment Corp. Director, Sync-Tech System Corp. Director, Silicon Power Computer & Communications Inc. Independent Director, Compal BroadbandNetworks Inc. Director, ezGlobal Corp. Chairman & CEO, Scer Microelectronics, Inc. Director, Fong Huang Innovation Investment Co., Ltd. Director, Fong Huang II Innovation Investment Co., Ltd. Director, Fong Huang III Innovation Investment Co., Ltd. Director, Fong Huang IV Innovation Investment Co., Ltd.	Corporate Governance Officer	Vivian Mao	daughter	(Note 1)
Director	R.O.C.	Wen-Bin Lin	Male <u>61-70</u>	7/27/2021	3 years	1/5/1999	2,200,000	1.83%	2,200,000	1.83%	1,100,000	0.92%	-	-	Electronics, Taipei Tech	-	-	-	-	-
Director	R.O.C.	I-Hsi Cheng	Male <u>51-60</u>	7/27/2021	3 years	1/5/1999	411,052	0.34%	1,611,052	1.34%	189,617	0.16%	-	-	Department of Electronics Engineering, NCTU Deputy Manager, United Microelectronics Corp. Deputy Manager, Design Department, Novatek Microelectronics Corp.	CRO, Sitronix Technology Corp. Chairman & CEO, mCore Technology Corp.	-	-	-	-
Director	R.O.C.	Silicon Power Computer & Communications Inc.	-	7/27/2021	3 years	6/11/2014	3,150,000	2.62%	3,150,000	2.62%	-	-	-	-	-	-	-	-	-	-
	R.O.C.	Representative: Hui-Min Chen	Male <u>51-60</u>	7/27/2021	3 years	6/11/2014	-	-	20	0.00%	20	0.00%	-	-	MBA, University of Central Oklahoma (U.S)/Assistant General Manager, Sales Division, Transcend Information, Inc.	Chairman & CEO, Silicon Power Computer & Communications Inc. Chairman, Silicon Power Computer & Communications Netherlands B.V Director, Wang Xin Investment Corp. Director, Silicon Power Investment Co., Ltd. Supervisor, Silicon Power Japan Co., Ltd.	-	-	-	-

April 22, 2024; Unit: share, %

Title	Nationality or Place of Registration	Name	Gender (Age)	Selected (Entered Office) Date	Tenure	Date First Elected	Shareholding at the Time of Appointment		Current shareholding		Shareholding by Spouse and Minor Children		Shareholding through Nominees		Major Education and Work Experience	Position(s) Held Concurrently in the Company and/or in Any Other Company	Other Managers, Directors and Supervisors Roles Held by Spouse or Second-degree Relations			Remarks
							Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio			Title	Name	Relationship	
Director	R.O.C.	Sheng-Su Lee (Note 2)	Male 61~70	7/27/2021	3 years	6/22/2015	259,821	0.22%	205,821	0.17%	-	-	-	-	Graduate Institute of Electrical Engineering, National Taiwan University General Manager, Corporation, Inc.	Deputy Chairman & Deputy CEO, Silicon Power Computer & Communications Inc. Chairman & CEO, Sentsortek Technology Corp. Director, Silicon Power Investment Co., Ltd.	-	-	-	-
Independent Director	R.O.C.	Cheng-Chieh Dai	Male 61~70	7/27/2021	3 years	6/10/2010	1,019	0.00%	18,688	0.02%	-	-	-	-	Institute of Electrical Engineering, State University of New York at Stony Brook Department of Electrical Engineering, Cheng Kung University Assistant General Manager, Accusys, Inc. Business Manager, Eltegroup Computer Systems Inc.	General Manager, Accuvision Technology Inc. Director, Accuvision Technology Inc. Independent Director, NEXCOM International Co., Ltd. Director, STL Technology Ltd. Director, Cheng Yu Investment Co., Ltd.	-	-	-	-
Independent Director	R.O.C.	Yu-Nu Lin	Female 51~60	7/27/2021	3 years	6/27/2018	-	-	-	-	-	-	-	-	EMBA, Taiwan University Department of Accounting, Chengchi University Taiwan Securities Co., Ltd. Sales Deputy Manager KPMG Taiwan Intermediate auditor Passing the Accounting Entrance Exam	Financial Assistant General Manager, Chin-Poon Industrial Co., Ltd.	-	-	-	-
Independent Director	R.O.C.	Jui-Hsiang Lo	Male 61~70	7/27/2021	3 years	7/27/2021	-	-	40,000	0.03%	4,000	0.00%	-	-	MBA, National Chengchi University Department of Communications Engineering, National Chiao Tung University; Manager, Consumer Communications Products Department, United Microelectronics Corporation	Chairman, IC PLUS Corp. Supervisor, Qi Liheng Co., Ltd.	-	-	-	-
Independent Director	R.O.C.	Ching-Jung Hsu	Male 71~80	7/27/2021	3 years	7/27/2021	-	-	-	-	460	0.00%	-	-	Accounting and Statistics Department of Aletheia University	General Manager, Shin Hwa Clock Industry Co., Ltd.	-	-	-	-

Note 1: Where the Chairman of the Board of Directors and the General Manager or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto.:

At present, the Chairman of the Board of Directors concurrently holds the post of CEO, which is reasonable and necessary to improve the decision-making efficiency of the operation and improve the performance of operation to create higher value for the Company. The Company has added one independent director in 2021 to strengthen the supervisory function of the Board.

Note 2: Director Sheng-Su Lee holds 591,874 shares of trust shares reserved with the right to decide utilization.

(II) Major shareholders of the institutional shareholders

Name of Institutional Shareholders	Top 10 Institutional Shareholders	Shareholding Ratio (%)
Silicon Power Computer & Communications Inc.	Sitronix Technology Corp.	6.51%
	Wang Xin Investment Corp.	4.88%
	Guang-sheng Investment LTD.	3.74%
	Berkeley Capital's SBL/PB Investment Account under custody of Citibank	2.26%
	Pei-Jung Yuan	1.48%
	Trust Property Account Entrusted by Hui-Min Chen in Mega International Commercial Bank	1.47%
	Investment account of JP Morgan Stanley Investment Fund managed by HSBC (Taiwan)	1.37%
	Taipei Fubon Commercial Bank is entrusted with the custody Silicon Power Computer & Communications Inc.	1.27%
	Hui-Min Chen	1.14%
	H&Z TECHNOLOGY LIMITED	1.12%

Note: The shareholding information of Silicon Power Computer & Communications Inc. as of April 23 2024.

(III) Where major shareholder is legal person and its major shareholders:

Name of Institutional Shareholders	Top 10 Institutional Shareholders	Shareholding Ratio(%)
Sitronix Technology Corp.	Please refer to the information on top ten shareholders in the Company's annual report	—
Wang Xin Investment Corp.	Hui-Min Chen	99.7%
	Sin-Sin Yang	0.3%
Guang-sheng Investment LTD.	Li-Li Su	12%
	Sheng-Su Lee	12%
	Jui-Huan Lee	76%
H&Z TECHNOLOGY LIMITED	Shao-Hui Lee	35%
	Jou-Wei Lee	35%
	Shu-Nuan Hou	15%
	Hsi Pin Lee	15%

(IV) Disclosure of information on the professional qualifications of the directors and supervisors and the independence of the independent directors

Condition Name	Professional Qualifications & Experience	Meets the Independence	Hold concurrent post of Independent Director of other publicly owned corporations
Chairman Vincent Mao	<ol style="list-style-type: none"> Acquired work experience in business, technology, practice of industry knowledge, and operational decision making. Chairman and CEO (for consecutive terms), Sitronix Technology Corp.; Chairman, Sitronix Holding International Limited; Director, mCore Technology Corp.; Director, Sensortek Technology Corp.; Chairman & CEO, Forcelead Technology Corp.; Director, INFSitronix Technology Corp.; Chairman, Sitronix Investment Corp.; Director, Sync-Tech System Corp.; Director, Silicon Power Computer & Communications Inc.; Independent Director, Compal Broadband Networks Inc.; Director, ezGlobal Corp.; Chairman & CEO, Seer Microelectronics, Inc.; Director, Fong Huang Innovation Investment Co., Ltd.; Director, Fong Huang II Innovation Investment Co., Ltd.; Director, Fong Huang III Innovation Investment Co., Ltd.; Director, Fong Huang IV Innovation Investment Co., Ltd. Not subject to any of the matters under Article 30 of the Company Act. 	Not applicable	1
Director Wen-Bin Lin	<ol style="list-style-type: none"> Has the work experience required in the business sector and that requires operational judgement. Director of Gu Ming Investment Corp. for consecutive terms. Not subject to any of the matters under Article 30 of the Company Act. 	Not applicable	0
Director I-Hsi Cheng	<ol style="list-style-type: none"> Acquired work experience in business, technology, practice of industry knowledge, and operational decision making. CRO (for consecutive terms), Sitronix Technology Corp.; Chairman, mCore Technology Corp. Not subject to any of the matters under Article 30 of the Company Act. 	Not applicable	0
Director Silicon Power Computer & Communications Inc. Representative : Hui-Min Chen	<ol style="list-style-type: none"> Acquired work experience in business, technology, and operational decision making. Chairman and CEO (for consecutive terms), Silicon Power Computer & Communications Inc.; Chairman, Silicon Power Computer & Communications Netherlands B.V; Director, Wang Xin Investment Corp.; Director, Silicon Power Investment Co., Ltd.; Supervisor, Silicon Power Japan Co., Ltd. Not subject to any of the matters under Article 30 of the Company Act. 	Not applicable	0

Condition Name	Professional Qualifications & Experience	Meets the Independence	Hold concurrent post of Independent Director of other publicly owned corporations
Director Sheng-Su Lee	<ol style="list-style-type: none"> 1. Acquired work experience in business, technology, practice of industry knowledge, and operational decision making. 2. Deputy Chairman and Deputy CEO (for consecutive terms), Silicon Power Computer & Communications Inc.; Chairman & CEO, Sensortek Technology Corp.; Director, Silicon Power Investment Co., Ltd. 3. Not subject to any of the matters under Article 30 of the Company Act. 	Not applicable	0
Independent Director Cheng-Chieh Dai	<ol style="list-style-type: none"> 1. Acquired work experience in business, technology, and operational decision making. 2. General Manager (for consecutive terms), Accuvision Technology Inc.; Director, Accuvision Technology Inc.; Independent Director, NEXCOM International Co., Ltd.; Director, STL Technology Ltd.; Director, Cheng Yu Investment Co., Ltd. 3. Not subject to any of the matters under Article 30 of the Company Act. 	<ol style="list-style-type: none"> 1. Neither the principal, his/her spouse or his/her relative within the second degree of kinship is a director, supervisor or an employee of the Company or any of its affiliates. 2. A total of 18,688 shares of the Company were held by the principal, his/her spouse and relatives within the second degree of kinship (or in the name of others). 3. Not serving as a director, supervisor or an employee of a company with a specific relationship with the Company. 4. No business, legal, finance, or accounting services were provided to the Company or its affiliates in the past two years. 	1
Independent Director Yu-Nu Lin	<ol style="list-style-type: none"> 1. Acquired work experience in accounting and operational decision making and passed the national exam required by certified accountant and obtained certification of the professionals and technologists examination. 2. Assistant Business Manager (for consecutive terms), Taiwan Securities Co., Ltd.; Financial Assistant General Manager, Chin-Poon Industrial Co., Ltd. 3. Not subject to any of the matters under Article 30 of the Company Act. 	<ol style="list-style-type: none"> 1. Neither the principal, his/her spouse or his/her relative within the second degree of kinship is a director, supervisor or an employee of the Company or any of its affiliates. 2. No shares of the Company were held by the principal, his/her spouse and relatives within the second degree of kinship (or in the name of others). 3. Not serving as a director, supervisor or an employee of a company with a specific relationship with the Company. 4. No business, legal, finance, or accounting services were provided to the Company or its affiliates in the past two years. 	0

Condition Name	Professional Qualifications & Experience	Meets the Independence	Hold concurrent post of Independent Director of other publicly owned corporations
Independent Director Jui-Hsiang Lo	<ol style="list-style-type: none"> 1. Acquired work experience in business, technology, and operational decision making. 2. Chairman (for consecutive terms), IC PLUS Corp.; Director, Dadi Early-Childhood Education Group Ltd.; Independent Director and Remuneration Committee Member, Silicon Integrated Systems Corp.; Director, Cloudberry Consultant Corp. 3. Not subject to any of the matters under Article 30 of the Company Act. 	<ol style="list-style-type: none"> 1. Neither the principal, his/her spouse or his/her relative within the second degree of kinship is a director, supervisor or an employee of the Company or any of its affiliates. 2. A total of 44,000 shares of the Company were held by the principal, his/her spouse and relatives within the second degree of kinship (or in the name of others). 3. Not serving as a director, supervisor or an employee of a company with a specific relationship with the Company. 4. No business, legal, finance, or accounting services were provided to the Company or its affiliates in the past two years. 	0
Independent Director Ching-Jung Hsu	<ol style="list-style-type: none"> 1. Acquired work experience in business, technology, and operational decision making. 2. General Manager (for consecutive terms), Shin Hwa Clock Industry Co., Ltd. 3. Not subject to any of the matters under Article 30 of the Company Act. 	<ol style="list-style-type: none"> 1. Neither the principal, his/her spouse or his/her relative within the second degree of kinship is a director, supervisor or an employee of the Company or any of its affiliates. 2. A total of 460 shares of the Company were held by the principal, his/her spouse and relatives within the second degree of kinship (or in the name of others). 3. Not serving as a director, supervisor or an employee of a company with a specific relationship with the Company. 4. No business, legal, finance, or accounting services were provided to the Company or its affiliates in the past two years. 	0

(V) Board Diversity and Independence

1. Board Diversity:

(1) Diversification policy:

The Company's Board shall guide the corporate strategy, supervise the management, and be accountable to the Company and the shareholders. The corporate governance system shall operate and be arranged in a way that ensures the Board exercises its powers in accordance with the laws and regulations, the Articles of Incorporation, and the resolutions of the shareholders' meetings.

In accordance with Article 20 of the Company's "Corporate Governance Best Practice Principles" and Article 2 of the "Procedures for Election of Directors", the election of Directors should take into consideration the overall configuration of the Board of Directors. Board members should generally possess the knowledge, skills and qualities necessary to perform their duties, and their overall competencies are as follows: A. Operational judgment, B. Accounting and financial analysis, C. Business management, D. Crisis management, E. Industry knowledge, F. International market view, G. Leadership, and H. Decision-making ability.

(2) Specific management objectives and their achievement:

Specific management objectives of the Board of Directors' diversification and the achievement of such objectives:

Management objectives	Achievement status
A. The Company's Board respects gender equality, where it ensures there is at least one female director on the Board.	Achieved
B. The Company's Board prioritizes operational decision making, operation management, and crisis management abilities, where it ensures at least 2/3 of the members of the Board possess relevant core abilities.	Achieved
C. For the purpose of supervision, the number of members of the Board who are employees of the Company, its parent, subsidiary, or brother companies shall be less than (including) 1/3 of the number of directors.	Achieved
D. For the purpose of supervision, the number of independent directors shall represent more than 1/3 of the Board's seats.	Achieved

The current Board of Directors of the Company consists of 9 Directors, all of whom are nationals of the R.O.C., with 8 male Directors (89%) and 1 female Director (11%); three Directors are aged 51 to 60, five Directors are aged 61 to 70, and one Director is aged 71 to 80.

Among the non-independent directors, there are 3 Directors with employee status (accounting for 33% of the total number of Directors). All 3 Directors are proficient at business, technology, industry knowledge, and operational decision making. 1 Director is a legal person director of the information electronics industry, who is able to provide different industry experience insights and advices while being equipped with the work experience in business, technology, and operational decision making. 1 Director has extensive industry knowledge and expertise in finance.

The Company has 4 Independent Directors (44% of the total number of Directors), 2 of which have been appointed for a term of less than 3 years, 1 for a term of 3 to 9 years, and 1 for a term of more than 9 years. He has been elected to continue to serve as the Company's Independent Directors in consideration of the fact that their expertise in corporate management and his experience in corporate governance are of significant benefit to the Company. One of the Independent Directors is a female with professional qualifications in accounting, specializing in finance, accounting and auditing, and the remaining three Independent Directors have working experience as chairpersons and general managers in the technology industry, and all of them possess business, technological, and operational judgment, which is conducive to the enhancement of the Company's corporate governance and the planning of its future business strategy direction.

Implementation of the diversity policy for Board members:

Name of director	Title	Gender	Age			Length of term of office of independent director			As a staff member of the Group	Diversified core competencies							
			51 -60	61 -70	71 -80	Less than 3 years	3 -9 years	More than 9 years		Operational judgment	Accounting and financial analysis	Business management	Crisis management	Industry knowledge	International market view	Leadership	Decision-making ability
Vincent Mao	Chairman	Male		✓					✓	✓		✓	✓	✓	✓	✓	✓
Wen-Bin Lin	Director	Male		✓						✓		✓	✓	✓	✓	✓	✓
I-Hsi Cheng	Director	Male	✓						✓	✓		✓	✓	✓	✓	✓	✓
Silicon Power Computer & Communications Inc. Representative: Hui-Min Chen	Director	Male	✓							✓		✓	✓	✓	✓	✓	✓
Sheng-Su Lee	Director	Male		✓					✓	✓		✓	✓	✓	✓	✓	✓
Cheng-Chieh Dai	Independent Director	Male		✓				✓		✓		✓	✓	✓	✓	✓	✓
Yu-Nu Lin	Independent Director	Female	✓				✓			✓	✓	✓	✓		✓	✓	✓
Jui-Hsiang Lo	Independent Director	Male		✓		✓				✓		✓	✓	✓	✓	✓	✓
Ching-Jung Hsu	Independent Director	Male			✓	✓				✓	✓	✓	✓		✓	✓	✓

In summary, the professional backgrounds and diversified core competencies of the members of the Board of Directors of the Company are beneficial to the Company's overall business operations and have resulted in the realization of diversified management objectives.

2. Board Independence:

The Company has 9 Directors, including 4 Independent Directors (44% of the total number of Directors), accounting for more than one-third of the total number of Directors. Each of the Independent Directors has complied with the independence requirements set forth in the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies”. None of the Directors are related to each other as spouse or consanguineous within two degrees of consanguinity, which is in compliance with Paragraph 3 and 4 of Article 26-3 of the Securities and Exchange Act. In summary, the Company's Board of Directors is independent.

(VI) President, Vice Presidents, Associate Managers, and Supervisors of All the Company's Divisions and Branch Units

April 22, 2024; Unit: share, %

Title	Nationality	Name	Gender	Selected (Entered Office) Date	Shareholding		Shareholding by Spouse and Minor Children		Shareholding through Nominates		Major Education and Work Experience	Titles Currently hold concurrent posts in other companies	Managers Held by Spouse or Second- degree Relations			Remarks
					Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio			Title	Name	Relationship	
Chairman & CEO	R.O.C.	Vincent Mao	Male	4/28/2003	1,771,699	1.47%	81,243	0.07%	-	-	EMBA, National Taiwan University Institute of Microelectronics, Cheng Kung University General Manager, Corporation. Market Planning, United Microelectronics Corp.	Chairman, Sitronix Holding International Limited. Director, mCore Technology Corp. Director, Sensortek Technology Corp. Chairman & CEO, Forcelead Technology Corp. Director, INF/Sitronix Technology Corp. Chairman, Sitronix Investment Corp. Director, Sync-Tech System Corp. Director, Silicon Power Computer & Communications Inc. Independent Director, Compal BroadbandNetworks Inc. Director, ezGlobal Corp. Chairman & CEO, Seer Microelectronics, Inc. Director, Fong Huang Innovation Investment Co., Ltd. Director, Fong Huang II Innovation Investment Co., Ltd Director, Fong Huang III Innovation Investment Co., Ltd. Director, Fong Huang IV Innovation Investment Co., Ltd.	Corporate Governance Officer	Vivian Mao	daughter	(Note 2)
Vice CEO& CRO	R.O.C.	Chun-Sheng Lin (Note 1)	Male	3/7/2024	787	0.00%	7,313	0.01%	-	-	Department of Electronics, Feng Chia University Executive Manager, R&D Division, EPSON	Director, Forcelead Technology Corp.	None	None	None	None
General Manager	R.O.C.	Meng-Huang Liu	Male	3/7/2024	1,005	0.00%	-	-	-	-	Ph. D., Institute of Microelectronics, Cheng Kung University Senior Deputy Assistant General Manager, Analog Design Division, Semtelic Corporation Deputy Manager, Macronix International Co., Ltd	Director, Sync-Tech System Corp. Director, Forcelead Technology Corp. Legal Representative, Sitronix Technology (Shenzhen) Co., Ltd. Legal Representative, Hefei Sitronix Technology Co., Ltd.	None	None	None	None
CRO	R.O.C.	I-Hsi Cheng	Male	4/1/2004	1,611,052	1.34%	189,617	0.16%	-	-	Department of Electronics Engineering, NCTU Deputy Manager, United Microelectronics Corp. Deputy Manager, Design Department, Novatek Microelectronics Corp.	Chairman & CEO, mCore Technology Corp.	None	None	None	None
Supervisor of Financial Division	R.O.C.	Shu-Fang Hsu	Female	7/1/2014	49,430	0.04%	-	-	-	-	Department of Accounting, Soochow University	Director, Sitronix Investment Corp. Supervisor, Sync-Tech System Corp. Supervisor, INF/Sitronix Technology Corp. Supervisor, mCore Technology Corp. Supervisor, Forcelead Technology Corp. Supervisor, Seer Microelectronics, Inc.	None	None	None	None
Supervisor of Accounting Division	R.O.C.	Shu-Fang Hsu	Female	10/26/2011	49,430	0.04%	-	-	-	-	Department of Accounting, Soochow University	Director, Sitronix Investment Corp. Supervisor, Sync-Tech System Corp. Supervisor, INF/Sitronix Technology Corp. Supervisor, mCore Technology Corp. Supervisor, Forcelead Technology Corp. Supervisor, Seer Microelectronics, Inc.	None	None	None	None
Corporate Governance Officer	R.O.C.	Vivian Mao	Female	11/02/2023	15,796	0.01%	-	-	-	-	Master, Business Administration, NTU Bachelor of Arts, Economics, University of Southern California Bachelor of Arts, International Relations ,University of Southern California Assistant Project Manager, Sitronix Technology Corp. Assistant Project Manager, Sensortek Technology Corp.	Corporate Governance Officer, Forcelead Technology Corp. Corporate Governance Officer, Sensortek Technology Corp.	Chairman & CEO	Vincent Mao	father	None

Note1: Vice CEO&CRO Chun-Sheng Lin holds 200,000 shares of trust shares reserved with the right to decide utilization.

Note2: Where the Chairperson of the Board of Directors and the General Manager or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto.

At present, the Chairman of the Board of Directors concurrently holds the post of CEO, which is reasonable and necessary to improve the decision-making efficiency of the operation and improve the performance of operation to create higher value for the Company. The Company has added one independent director in 2021 to strengthen the supervisory function of the Board.

III. Remuneration Paid during the Most Recent Fiscal Year to Directors, Supervisors, the General Manager, and Assistant General Managers

1. Remuneration of general Directors and Independent Directors

December 31, 2023; Unit: NT\$ thousand

Title		Name	Remuneration of Directors				Compensations Paid to Concurrent Employees				Ratio of Total Remuneration of A, B, C, D, E, F and G in Net Income After Tax(%)		Remuneration from an Invested Company Other than The Company's Subsidiary or from the Parent Company						
			Base Compensation (A)	Retirement Pension (B)		Remuneration to Directors (Note 1)		Business Execution Expenses (D) (Note 2)		Ratio of Total Remuneration of A, B, C and D in Net Income After Tax	Salary, Bonus and Allowances (E)	Retirement Pension (F)		Employee's Remuneration (G) (Note 1)					
				All Companies in the Consolidated Financial Statements	The Company	All Companies in the Consolidated Financial Statements	The Company	All Companies in the Consolidated Financial Statements	The Company					The Company	All Companies in the Consolidated Financial Statements	Cash Amount	Stock amount		
Chairman & CEO		Vincent Mao																	
Director		Wen-Bin Lin																	
Director & CRO		I-Hsi Cheng																	
Director		Silicon Power Computer & Communications Inc.	-	-	18,713	18,713	34	64	18,747 1.01%	18,777 1.01%	11,838	23,410	223	223	6,248	-	37,056 1.99%	51,690 2.78%	None
		Representative: Hui-Min Chen																	
Director		Sheng-Su Lee																	
Independent Director		Cheng-Chieh Dai																	
Independent Director		Yu-Nu Lin																	
Independent Director		Jui-Hsiang Lo	-	-	6,120	6,120	570	570	6,690 0.36%	6,690 0.36%	-	-	-	-	-	-	6,690 0.36%	6,690 0.36%	None
Independent Director		Ching-Jung Hsu																	
1. Please state the policies, systems, standards, and structure for the remuneration of the Independent Directors, and state the correlation to the remuneration according to the responsibilities, risks time commitment and other factors: The Independent Directors of the Company is also members of the Remuneration Committee and Audit Committee, and is responsible for independent supervision of the corporate governance, and is liable for presumed fault. The Independent Directors of the Company shall receive a fixed remuneration from the Remuneration Committee on a monthly basis. And If the Company has gained profits within a fiscal year, less than 3% of the profits shall be reserved as the Director's remuneration in accordance with the current Articles of Incorporation. The annual remuneration for each Independent Director of the Company accounts for 3-5% of the remuneration for Directors approximately. In addition to attending the Remuneration Committee, the Audit Committee and the Board of Directors in person each year, the Independent Director shall also understand the operating conditions of the Company and master the trends of the industry so as to make a correct assessment and judgment and achieve the objectives of supervision and review.																			
2. Unless disclosed in the above table, the remuneration received in the most recent year by the Directors for providing services (e.g. serving as a non-employee consultant) to the companies listed in the consolidated financial report: NT\$ 0 thousands.																			

Note 1: The remuneration of Directors and employees in this table was approved by the Board of Directors in March 2024, and the proposed allocation was calculated according to the proportion of the actual amount allocated in the previous year and the term of office.

Note 2: Hui-Min Chen is an Institutional Director - Representative of Silicon Power Computer & Communications Inc. The business execution expenses was paid to the individual, and the surplus was distributed as remuneration to the Institutional Director. The business execution fees received by the Independent Directors refers to the remuneration received from the Remuneration Committee.

Ranges of Remuneration Paid to Each Director of the Company	Name of Director			
	Total Remuneration for the First Four Items (A+B+C+D)		Total Remuneration for the First Seven Items (A+B+C+D+E+F+G)	
	The Company	All Companies in the Consolidated Financial Statements	The Company	All Companies in the Consolidated Financial Statements
Less than 1,000,000	Corporate representative of Silicon Power Computer & Communications Inc.: Hui-Min Chen	Corporate representative of Silicon Power Computer & Communications Inc.: Hui-Min Chen	Corporate representative of Silicon Power Computer & Communications Inc.: Hui-Min Chen	Corporate representative of Silicon Power Computer & Communications Inc.: Hui-Min Chen
1,000,000 (inclusive) ~ 2,000,000 (exclusive)	Cheng-Chieh Dai, Yu-Nu Lin Ching-Jung Hsu, Jui-Hsiang Lo	Cheng-Chieh Dai, Yu-Nu Lin Ching-Jung Hsu, Jui-Hsiang Lo	Cheng-Chieh Dai, Yu-Nu Lin Ching-Jung Hsu, Jui-Hsiang Lo	Cheng-Chieh Dai, Yu-Nu Lin Ching-Jung Hsu, Jui-Hsiang Lo
2,000,000 (inclusive) ~ 3,500,000 (exclusive)	Silicon Power Computer & Communications Inc., Sheng-Su Lee, I-Hsi Cheng	Silicon Power Computer & Communications Inc., Sheng-Su Lee, I-Hsi Cheng	Wen-Bin Lin, Silicon Power Computer & Communications Inc., Sheng-Su Lee	Wen-Bin Lin, Silicon Power Computer & Communications Inc.
3,500,000 (inclusive) ~ 5,000,000 (exclusive)	Wen-Bin Lin	Wen-Bin Lin	–	–
5,000,000 (inclusive) ~ 10,000,000 (exclusive)	Vincent Mao	Vincent Mao	I-Hsi Cheng	I-Hsi Cheng
10,000,000 (inclusive) ~ 15,000,000 (exclusive)	–	–	Vincent Mao	Sheng-Su Lee
15,000,000 (inclusive) ~ 30,000,000 (exclusive)	–	–	–	Vincent Mao
30,000,000 (inclusive) ~ 50,000,000 (exclusive)	–	–	–	–
50,000,000 (inclusive) ~ 100,000,000 (exclusive)	–	–	–	–
More than 100,000,000	–	–	–	–
Total	10	10	10	10

2. Remuneration for Supervisors: The Company has set up an Audit Committee, thus it is not applicable.

3. Remuneration of General Manager and Deputy General Manager

December 31, 2023; Unit: NT\$ thousand

Title	Name	Pay (A)		Retirement Pension (B) (Note 1)		Bonuses and Allowances (C)		Employees' Remuneration (D) (Note 2)			Ratio of Total Remuneration of A, B, C and D in Net Income After Tax(%)		Remuneration from an Invested Company Other than The Company's Subsidiary or from the Parent Company
		The Company	All Companies in the Consolidated Financial Statements	The Company	All Companies in the Consolidated Financial Statements	The Company	All Companies in the Consolidated Financial Statements	Cash	Stock amount	Cash	Stock amount	The Company	
Chairman & CEO	Vincent Mao												
General Manager (Note3)	Wei Wang												
CRO	I-Hsi Cheng												
CRO	Chun-Sheng Lin												
Chief Operating Officer	Meng-Huang Liu	15,836	15,968	807	816	20,854	24,551	17,523	-	17,932	55,020	59,267	None
Finance/Accounting Supervisor	Shu-Fang Hsu										2.96%	3.19%	
Corporate Governance Officer	Vivian Mao												

Note3: Wei Wang, the general manager of the Company, retired on December 31, 2023, so there is no need to propose employees' remuneration.

Ranges of Remuneration paid to General Manager and Assistant General Managers of the Company	Name of General Manager and Assistant General Manager	
	The Company	All Companies in the Consolidated Financial Statements
Less than 1,000,000	-	-
1,000,000 (inclusive) ~ 2,000,000 (exclusive)	-	-
2,000,000 (inclusive) ~ 3,500,000 (exclusive)	-	-
3,500,000 (inclusive) ~ 5,000,000 (exclusive)	-	-
5,000,000 (inclusive) ~ 10,000,000 (exclusive)	Wei Wang, I-Hsi Cheng	Wei Wang, I-Hsi Cheng
10,000,000 (inclusive) ~ 15,000,000 (exclusive)	Vincent Mao, Chun-Sheng Lin, Meng-Huang Liu	Vincent Mao, Chun-Sheng Lin, Meng-Huang Liu
15,000,000 (inclusive) ~ 30,000,000 (exclusive)	-	-
30,000,000 (inclusive) ~ 50,000,000 (exclusive)	-	-
50,000,000 (inclusive) ~ 100,000,000 (exclusive)	-	-
More than 100,000,000	-	-
Total	5	5

Note 1: The retirement pensions in this table was set aside by the expensed of the 2023 fiscal year.

Note 2: The remuneration of employees in this table was approved by the Board of Directors in March 2024, and the proposed distribution was calculated according to the proportion of the actual amount distributed in the previous year.

4. Names of Managers and the Allocation of Employee's Remuneration:

December 31, 2023; Unit: NT\$ thousand

Title		Name	Stock amount	Cash	Total	Ratio of total amount to net income after tax (%)
Manager	Chairman & CEO	Vincent Mao				
	General Manager(Note2)	Wei Wang				
	CRO	I-Hsi Cheng				
	CRO	Chun-Sheng Lin				
	Chief Operating Officer	Meng-Huang Liu		17,523	17,523	0.94%
	Finance Supervisor/Accounting Supervisor	Shu-Fang Hsu	-			
	Corporate Governance Officer	Vivian Mao				

Note1: The remuneration of employees in this table was approved by the Board of Directors in March 2024, and the proposed distribution was calculated according to the proportion of the actual amount distributed in the previous year.

Note2: Wei Wang, the general manager of the Company, retired on December 31, 2023, so there is no need to propose employees' remuneration.

5. Separate Comparisons and Descriptions of Total Remuneration, as a Percentage of Net Income Stated in the Parent Company-only Financial Reports or Individual Financial Reports, as Paid by the Company and All Other Companies Included in the Consolidated Financial Statements During the Past Two Fiscal Years to Directors, Supervisors, the President, and Vice Presidents, with Analysis and Description of Remuneration Policies, Standards, and Packages, Procedure for Determining Remuneration, and Link

(1) Total Remuneration as a Percentage of Net Income Stated in the Parent Company-only Financial Reports or Individual Financial Reports, as Paid by the Company During the Past Two Fiscal Years to Directors, Supervisors, the President, and Vice Presidents

Item	Total Remuneration as A Proportion of Net Income After Tax (%)		
	2022		2023
Title Category	The Company	All Companies in the Consolidated Financial Statements	The Company
Director(Including Concurrent Managers)	2.02%	2.36%	2.35%
Supervisors	-	-	-
General Manager and Assistant General Manager	1.04%	1.32%	2.96%
			3.19%

(2) Remuneration policies, standards, and packages, procedure for determining remuneration, and linkage thereof to operating performance and future risk exposure:

In accordance with Article 18-1 of the current Articles of Incorporation, if the Company has gained profits within a fiscal year, less than 3% of the profits shall be reserved as the Director's remuneration. Except for the remuneration of Directors and the payment of business execution costs, the Company has no other remuneration payment items. In addition to the Questionnaire of Self-Evaluation of Performance of Board Members (for Themselves or Peers), the results of board performance evaluation, attendance on board meetings and the continuing education status of Directors shall also be used as the reference for the remuneration allocation. The remuneration to Directors of the Company shall be reviewed by the Remuneration Committee and submitted to the Board of Directors for approval upon resolution, and shall be reported to the shareholders' meeting. The contents of Questionnaire of Self-Evaluation of Performance of Board Members refer to the description of "Chapter III. Corporate Governance Report IV. The State of the Company's Implementation of Corporate Governance (I) The Operation of the Board of Directors.

The remuneration paid to the General Manager and Assistant General Managers was based on their positions, with reference to the remuneration standard of the same trade concerned, including fixed salary, performance bonus, employee remuneration and other remuneration, in which the performance bonus and employee remuneration are linked to business performance. The Company conducts performance appraisals of its managers twice a year, which include indicators such as position held, management effectiveness, achievement of annual performance goals and ESG sustainability performance. Among them, the ESG sustainability performance evaluation is based on four key indicators: "Innovation Management", "Sustainable Supply Chain", "Financial Performance", and "Climate Action/Energy Management", and is also included in the consideration of bonuses and employee remuneration, with a weighting of 10%. The amount of manager's remuneration is submitted to the Remuneration Committee for consideration and approved by the Board of Directors.

When paying the remuneration referred to in the preceding paragraph, the Company also evaluates the changes in the global economy, the international financial environment and the industrial climate to predict the Company's future operation development, profit situation and operation risks, so as to minimize the possibility of future risks and strike a balance between the Company's sustainable operation and risk control.

IV. The State of the Company's Implementation of Corporate Governance

(I) The Operation of the Board of Directors

A total of four meetings (A) have been held by the Board in the most recent fiscal year and the attendance of the Directors was as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate in Person (%) 【B/A】	Remarks
Chairman	Vincent Mao	4	0	100%	None
Director	Wen-Bin Lin	4	0	100%	None
Director	I-Hsi Cheng	4	0	100%	None
Director	Silicon Power Computer & Communications Inc. Corporate representative: Hui-Min Chen	4	0	100%	None
Director	Sheng-Su Lee	4	0	100%	None
Independent Director	Cheng-Chieh Dai	4	0	100%	None
Independent Director	Yu-Nu Lin	4	0	100%	None
Independent Director	Jui-Hsiang Lo	4	0	100%	None
Independent Director	Ching-Jung Hsu	4	0	100%	None

Other matters that shall be reported:

- I. Where one of the following circumstances apply for the operations of the Board of Director meetings, the date, session, proposal contents, opinions of all Independent Directors, and the Company's actions in response to the opinions of the Independent Directors shall be stated:
 - (I) Matters specified in Article 14-3 of the Securities and Exchange Act: please refer to pages 98 to 100.
 - (II) In addition to the matters set out above, other resolutions of the Board where an independent director expressed a dissenting or qualified opinion that have been recorded or stated in writing: None.
- II. During the execution process where the Director avoid from interested proposal, the name of the Director, the content of proposal, the reason of avoidance and the results of the voting should be stated:
 - (I) March 16, 2023 Board of Directors
Proposal content: Passed the Distribution Plan of Operation and Project Bonus for Managers for the 2022 Fiscal Year Reviewed by the Remuneration Committee of the Company.

Name of Director: Vincent Mao, I-Hsi Cheng

Reasons for avoidance of interests and participation in voting: The director concurrently serves as the Company manager and has an interest in the director himself. Chairman Vincent Mao and Director I-Hsi Cheng did not participate in the discussion and voting due to avoidance of interests, and all other attending directors agreed to approve.

Proposal content: Proposal on the Distribution of the Remuneration to Employees and Directors for the Year 2022.

Name of director: Vincent Mao, Wen-Bin Lin, I-Hsi Cheng, Silicon Power Computer & Communications Inc. Corporate representative: Hui-Min Chen, Sheng-Su Lee, Cheng-Chieh Dai, Yu-Nu Lin, Jui-Hsiang Lo, Ching-Jung Hsu.

Reasons for avoidance of interests and participation in voting: In the distribution of remuneration, individual directors have an interest in the legal person represented by the directors and the directors themselves. During the discussion and voting of this proposal, the directors who are present and have an interest in the voting shall take turns to avoid it, and all other attending directors shall agree to pass it.

(II) May 4, 2023, Board of Directors

Proposal content: Passed the Compensation Adjustment Plan of Managers Reviewed by the Remuneration Committee of the Company.

Name of Director: Vincent Mao, I-Hsi Cheng

Reasons for avoidance of interests and participation in voting: The director concurrently serves as the Company manager and has an interest in the director himself. Chairman Vincent Mao and Director I-Hsi Cheng did not participate in the discussion and voting due to avoidance of interests, and all other attending directors agreed to approve.

(III) August 3, 2023 Board of Directors

Proposal content: Passed the Distribution Plan of Remuneration for Managers in Cash for the 2022 Fiscal Year Reviewed by the Remuneration Committee of the Company.

Name of Director: Vincent Mao, I-Hsi Cheng

Reasons for avoidance of interests and participation in voting: The director concurrently serves as the Company manager and has an interest in the director himself. Chairman Vincent Mao and Director I-Hsi Cheng did not participate in the discussion and voting due to avoidance of interests, and all other attending directors agreed to approve.

(IV) November 2, 2023 Board of Directors

Proposal content: Passed the Head of Corporate Governance Variance Case.

Name of Director: Vincent Mao

Reasons for avoidance of interests and participation in voting: The new Head of Corporate Governance is a second degree relative of a director and has an interest in the director himself. Chairman Vincent Mao did not participate in the discussion and voting due to avoidance of interests, and all other attending directors agreed to approve.

Proposal content: Passed the Permitted Manager's Competitive Activity Case.

Name of Director: Vincent Mao

Reasons for avoidance of interests and participation in voting: The new Head of Corporate Governance is the second degree of kinship of a director and the director is also the manager of the Company and has an interest in the director himself. Chairman Vincent Mao did not participate in the discussion and voting due to avoidance of interests, and all other attending directors agreed to approve.

III. A company listed on the Taiwan Stock Exchange (TWSE) or the Taipei Exchange (TPEX) shall disclose the cycles, periods, scope, method, contents and other matters of the self-evaluation by the board members of themselves (or peers), and state the implementation status of the board members' evaluation: Please refer to "Note: Schedule of Implementation of the Board of Directors' Evaluation".

IV. An evaluation of objectives and implementation status in the area of strengthening the functions of the Board of Directors for current and most recent fiscal year:

Targets for Strengthening of the Functions of the Board of Directors	The Evaluation of Implementation Status
Improve the quality of the Board of Directors	<p>Improve the function of the Board of Directors, adopt a candidate nomination system for Directors, with members of diversify and profession.</p> <p>Arrange the Directors to participate in advanced courses every year and regularly advocate policies and regulations to enhance the Board's operational and decision-making capabilities.</p>
Establish a sound structure of the Board of Directors	<p>The Company has set up an Audit Committee, with review by each Independent Director on all important proposals in their professional capacity. Besides, the Company has set up the Remuneration Committee to evaluate and review the Remuneration Committee system of the Company's Directors and Managers every year. The Company has set up Sustainability Committee to assist the Board of Directors in promoting the decision-making and implementation of sustainable development, including environmental sustainability (E), social responsibility (S), and corporate governance (G), in order to focus on environmental protection, carbon emission management, social responsibility, and strengthen corporate governance, so that the Board of Directors can perform its responsibilities to protect the sustainable operation of the Company, the rights and interests of employees, and the rights and interests of shareholders and stakeholders.</p>
The compliance of Directors recuse himself to avoid conflicts of interest	<p>Where a Director is required to refuse the proposal involving a conflict of interest, the Director refused voluntarily from the proposal.</p>
The compliance of laws and policies	<p>The Board of Directors has indeed complied with the operation of the "Rules of Procedure for Board of Directors Meetings" and adhered to the information transparency. The material resolutions of the Board of Directors were publicly announced and filed on the Market Observation Post System (MOPS) and the Company's website in accordance with the regulations, and the implementation was in a good condition.</p>

Targets for Strengthening of the Functions of the Board of Directors	The Evaluation of Implementation Status
Internal control	The auditing unit shall supervise the Company's internal control and risk management, and the auditing Supervisor shall attend the Board of Directors and report the implementation of the Company.

Note: Implementation of the Board of Directors' Evaluation

Evaluation Cycle	Evaluation Period	Evaluation Scope	Evaluation Method	Evaluation Content	Evaluation Results
Once a year	January 1, 2023 to December 31, 2023	Board of Directors	<ol style="list-style-type: none"> 1. The internal self-evaluation of the Board of Directors. 2. The Board of Directors shall carry out the internal self-evaluation questionnaire of the Board of Directors. 	<ol style="list-style-type: none"> 1. Participation in the operation of the Company. 2. Improve the quality of decision making of the Board of Directors. 3. Composition and structure of the Board of Directors. 4. Election and continuing education of directors. 5. Internal control. 	In 2023, the overall performance evaluation index of the Board of Directors consisted of five major aspects, totaling 11 indicators, and the overall evaluation result was 100/100, indicating that the overall Board of Directors operated efficiently and effectively.
		Individual board members	Questionnaire of self-evaluation of board members.	<ol style="list-style-type: none"> 1. Alignment of the goals and missions of the Company. 2. Awareness of the duties of a director. 3. Participation in the operation of the Company. 4. Management of internal relationships and communication. 5. Professionalism and continuing education of the Directors. 6. Internal control. 	The performance indicators of the Audit Committee for 2023 consisted of five major aspects and a total of 22 indicators, with an overall rating of 4.97/5, indicating that the overall operation of the Audit Committee was sound, in compliance with the requirements of corporate governance, and effective in enhancing the functions of the Board of Directors.

Evaluation Cycle	Evaluation Period	Evaluation Scope	Evaluation Method	Evaluation Content	Evaluation Results
Once a year	January 1, 2023 to December 31, 2023	Functional committee: Audit Committee	Questionnaire of self-evaluation of Audit Committee Members.	<ol style="list-style-type: none"> 1. Participation in the operation of the Company. 2. Awareness of the duties of the functional committee. 3. Improvement of quality of decisions made by the functional committee. 4. Makeup of the functional committee and election of its members. 5. Internal control. 	The performance indicators of the Audit Committee for 2023 consisted of five major aspects and a total of 22 indicators, with an overall rating of 4.97/5, indicating that the overall operation of the Audit Committee was sound, in compliance with the requirements of corporate governance, and effective in enhancing the functions of the Board of Directors.
		Functional committee: Remuneration Committee	Questionnaire of self-evaluation of Remuneration Committee Members.	<ol style="list-style-type: none"> 1. Participation in the operation of the Company. 2. Awareness of the duties of the functional committee. 3. Improvement of quality of decisions made by the functional committee. 4. Makeup of the functional committee and election of its members. 	The performance indicators of the Remuneration Committee for 2023 consisted of four major aspects and a total of 19 indicators, with an overall rating of 4.97/5, indicating that the overall operation of the Remuneration Committee was sound, in compliance with the requirements of corporate governance, and effective in enhancing the functions of the Board of Directors.
		Functional committee: Sustainability Committee	Questionnaire of self-evaluation of Sustainability Committee Members.	<ol style="list-style-type: none"> 1. Participation in the operation of the Company. 2. Awareness of the duties of the functional committee. 3. Improvement of quality of decisions made by the functional committee. 4. Makeup of the functional committee and election of its members. 5. Internal control. 	The performance indicators of the Sustainability Committee for 2023 consisted of five major aspects and a total of 24 indicators, with an overall rating of 4.92/5, indicating that the overall operation of the Sustainability Committee was sound, in compliance with the requirements of corporate governance, and effective in enhancing the functions of the Board of Directors.

Evaluation Cycle	Evaluation Period	Evaluation Scope	Evaluation Method	Evaluation Content	Evaluation Results
Once three years	October 1, 2021 to September 30, 2022	Board of Directors	<ol style="list-style-type: none"> 1. External evaluation of Board of Directors. 2. External evaluation agency: Taiwan Investor Relations Association. 3. Conducted on the basis of the documents provided by the Company, self-evaluation questionnaires, and on-site visit and evaluation. 	<ol style="list-style-type: none"> 1. Organization and professional development of the Board of Directors. 2. Quality of decision making of the Board of Directors. 3. The operation efficiency of the Board of Directors. 4. Internal control and risk management. 5. The degree of board participation in corporate social responsibility. 	<ol style="list-style-type: none"> 1. It is proposed that risk management could be elevated to board level. 2. It is recommended that annual education programs for board members be standardized. 3. It is recommended that the intellectual property management program and information security management obtain third-party certification standards. 4. Establishment of a dedicated Head of Corporate Governance. 5. Evaluation of the independence and suitability of the certified public accountants by reference to the Audit Quality Indicators (AQI).

(II) The Operation of the Audit Committee

A total of four meetings (A) have been held by the Audit Committee were held in the most recent year and the attendance of independent directors was as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate in Person (%) 【B/A】	Remarks
Independent Director	Cheng-Chieh Dai	4	0	100%	None
Independent Director	Yu-Nu Lin	4	0	100%	None
Independent Director	Jui-Hsiang Lo	4	0	100%	None
Independent Director	Ching-Jung Hsu	4	0	100%	None

Other matters that shall be reported:

- I. Where one of the matters listed in Article 14-5 of the Securities and Exchange Act and the matters are not approved by the Audit Committee, but had the consent of more than two-thirds of all Directors, the date, session, proposal contents and resolutions of the Audit Committee, and the Company's actions in response to the opinions of the Audit Committee shall be stated:

Date of Meeting	Major Resolutions	Resolutions passed by more than two-thirds of all Directors but without approval of the Audit Committee
2023.03.16 The 7th meeting of the 2nd Committee	Passed the proposal on the evaluation of the competency of the CPA.	None
	Passed the proposal on the Statement of Internal Control System for the Year 2022.	None
	Passed the proposal on the 2022 Business Reports and Financial Statements.	None
	Passed the proposal on the amendment to partial provisions of the Company's "Information Circulation".	None
2023.05.04 The 8th meeting of the 2nd Committee	Passed the proposal on the consolidated financial report for the first quarter of 2023.	None
	Passed the proposal on the Company's long-term equity investment.	None
	Passed the proposal on loaning funds to others.	None
2023.08.03 The 9th meeting of the 2nd Committee	Passed the proposal on the amendments to the partial clauses of the internal control system.	None
	Passed the proposal on the consolidated financial report for the second quarter of 2023.	None

Date of Meeting	Major Resolutions	Resolutions passed by more than two-thirds of all Directors but without approval of the Audit Committee
2023.08.03 The 9th meeting of the 2nd Committee	Passed the proposal on loaning funds to the subsidiary (INFSitronix Technology Corp.).	None
	Passed the proposal on loaning funds to the subsidiary (mCore Technology Corp.).	None
	Passed the proposal on endorsement and guarantee case for the subsidiary (Seer Microelectronics, Inc.).	None
2023.11.02 The 10th meeting of the 2nd Committee	Passed the proposal on the Internal Audit Plan for the year 2024.	None
	Passed the proposal on the amendment to partial provisions of the Company's "Production Circulation".	None
	Passed the proposal on the consolidated financial report for the third quarter of 2023.	None
	Passed the proposal on change of the CPA and the evaluation of the independence of the CPA.	None
	Passed the proposal on the review of the CPA's professional fees.	None

II. Implementation Status of the Independent Director's refusal of proposal involved in conflicts of interest: None.

III. Communication between Independent Directors, Supervisor of internal audit and CPA:

(I) Communication between Independent Directors and the Head of Internal Audit:

1. The audit Supervisor shall send the audit report of the previous month to the Independent Directors via E-mail every month and communicate as necessary.
2. The important contents of the communication and interaction between the Independent Directors and the Supervisor of internal audit within the Audit Committee shall be recorded in the Audit Committee's proceedings.
3. Other: In the event of material irregularities or matters where the independent directors, the head of internal audit, and the accountants deem it necessary to communicate independently, a meeting may be held at any time from time to time to communicate with each other.

Date	Communication Method	Matters of communication with the Head of Internal Audit	Opinions of Independent Directors and Follow-up Measures
2023.03.16	The 7th meeting of the 2nd Committee	The performance and results of the internal audit in the fourth quarter of 2022.	The Independent Director expressed consent on the content of the report.
		Passed the Statement of Internal Control System for 2022.	Passed the proposal, without objection from the Independent Director.
		Passed the proposal on the amendment to partial provisions of the Company's "Information Circulation".	Passed the proposal, without objection from the Independent Director.
2023.05.04	The 8th meeting of the 2nd Committee	The performance and results of the internal audit in the first quarter of 2023.	The Independent Director expressed consent on the content of the report.
2023.08.03	The 9th meeting of the 2nd Committee	The performance and results of the internal audit in the second quarter of 2023.	The Independent Director expressed consent on the content of the report.
		Passed the proposal on the amendment to partial clauses of the internal control system.	Passed the proposal, without objection from the Independent Director.
2023.11.02	The 10th meeting of the 2nd Committee	The performance and results of the internal audit in the third quarter of 2023.	The Independent Director expressed consent on the content of the report.
		Passed the Internal Audit Plan for the year 2024.	Passed the proposal, without objection from the Independent Director.
		Passed the proposal on the amendment to partial provisions of the Company's "Production Circulation".	Passed the proposal, without objection from the Independent Director.

(II) Communication between Independent Directors and CPA:

1. The Company's CPA has reported the audit results and key audit matters of the financial report for 2022, the latest laws and regulations and audit results of the financial report for the second quarter of 2023 through attending the audit committee and symposium. They also communicated with the independent directors on the Company's financial and business status.
2. The independent directors, the head of internal audit and the accountants hold a seminar at least once a year for the accountants to communicate and exchange opinions with the independent directors, and a meeting may be convened at any time in the event of a significant anomaly.

Date	Communication Method	Matters of communication with the CPA	Opinions of Independent Directors and Follow-up Measures
2023.03.16	The 7th meeting of the 2nd Committee	The CPA reported the audit results and key audit matters of the financial report for 2022, and the latest laws and regulations.	The CPA communicated and exchanged opinions with the Independent Director. The Independent Director expressed consent on the content of the report, without special opinions.
2023.08.03	Forum between Independent Directors, Supervisor of audit and CPA	Accountant's report on the results of the review of the financial report for the second quarter of 2023 and the updated ordinance.	

(III) State of corporate governance implementation and differences from the "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies" and reasons

Assessed Items	Implementation Status		Difference from Corporate Governance Practice Principles for TWSE/GTSM-Listed Companies and Reasons
	Yes	No	
I. Does the Company set and disclose the corporate governance code of practice according to the "Corporate Governance Practice Principles for TWSE/GTSM-Listed Companies"?	✓		No material difference.
II. Ownership structure and the rights and interests of shareholders			No material difference.
(I) Has the Company set internal operating procedures to deal with shareholder proposals, doubts, disputes, and litigation matters, and does it implement these in accordance with its procedures?	✓		
(II) Does the Company have a list of those who ultimately control the major shareholders of the Company?	✓		
(III) How does the Company establish its risk management mechanism and firewalls involving related enterprises?	✓		

Assessed Items	Implementation Status		Difference from Corporate Governance Practice Principles for TWSE/GTSM-Listed Companies and Reasons
	Yes	No	
	Description		
(IV) Has the Company set internal standards to prohibit insiders from using undisclosed information in the market to trade securities?	✓	(IV) The Company has established the "Internal Material Information Processing Operating Procedures" to prevent insiders from using unpublished information in the market to trade securities, including (but not limited to) the fact that directors are not allowed to trade their stocks during the closed period of 30 days before the announcement of the annual financial report and 15 days before the announcement of the quarterly financial report from the date of learning of the Company's financial report or related performance content, promoted the relevant regulations prohibiting insider trading, and indeed informed insiders to strictly abide by the situation of preventing insider trading. At least once a year, the Company conducts educational and promotional activities on the "Prohibition of Insider Trading" digital course for current employees at or above the department level; Sends the supervisory authority's promotional information on preventing insider trading to the directors via email; Communicates the prevention of insider trading propaganda information of the competent authority through internal announcements to all employees; The newly hired employees will undergo a course on "Internal Major Information Processing Procedures" during their training, which will cover topics such as internal major information confidentiality operations and disclosure procedures, prevention of insider trading education and promotion, and employee education and promotion to prevent customer confidentiality leakage. In 2023, a total of 43 employees completed the online course and passed the test. It is expected that all employee will be trained for this subject in response to the new regulations in 2024. In 2023, a digital course on "Prohibition of Insider Trading" was held for company executives at or above the department level. A total of 38 employees completed the online course and passed the test.	

Assessed Items	Implementation Status			Difference from Corporate Governance Practice Principles for TWSE/GTSM-Listed Companies and Reasons
	Yes	No	Description	
			<div>Course Name</div> <div>Number of trainees</div> <div>Total training hours (hours)</div>	
			<div>Procedures for Handling Material Inside Information</div> <div>43</div> <div>7.2hours</div>	
			<div>Prohibition of Insider Trading</div> <div>38</div> <div>19 hours</div>	
III. Organization and responsibilities of the Board of Directors				No material difference.
(I) Does the Board of Directors set and implement a diversity policy?	✓		(I) The Board of Directors has formulated diversification policies, specific management objectives, and implementation status. Please refer to the description of "Chapter III. Corporate Governance Report II. Information of Directors, Supervisors, General Managers, Deputy General Managers, Assistants and Heads of Departments and Branches (V) Board Diversity and Independence" in this annual report.	
(II) Has the Company established other functional committees besides the Remuneration Committee and Audit Committee?	✓		(II) The Company has set up the Remuneration Committee and Audit Committee. In August 2022, the Sustainability Committee was established, with the Committee and its executive team as full-time units, responsible for proposing and implementing sustainable development policies or systems. In the future, the Company will set up other functional committees according to the needs of operational development.	
(III) Has the Company set performance assessment rules and methods for the Board of Directors and does it perform this evaluation every year, report the results of the performance appraisal to the Board of Directors and apply them to the remuneration of individual Directors and their nomination for reappointment?	✓		(III) The Company has formulated the "Evaluation of Performance of the Board" and the method of evaluation, which are disclosed on the Company's website. An internal evaluation of the performance of the Board of Directors, functional committees and individual Board members is conducted on an annual basis; every three years, the evaluation is conducted by an external professional independent organization or a team of external experts and scholars, and the results of the evaluation are reported to the Board of Directors in the first quarter of the following year. The results of the 2023 internal self-assessment	

Assessed Items	Implementation Status			Difference from Corporate Governance Practice Principles for TWSE/GTSM-Listed Companies and Reasons		
	Yes	No	Description			
(IV) Does the Company regularly evaluate the independence of the CPA?			were presented to the Board of Directors on March 7, 2024; the external performance evaluation of the Board of Directors was commissioned to an external independent organization, Taiwan Investor Relations Institute, in November 2022, and the evaluation report was issued on December 5, 2022 and presented to the Board of Directors on March 16, 2023. For information on the implementation of the Board of Directors' evaluation, please refer to “(I) The Operation of the Board of Directors in IV. The State of the Company's Implementation of Corporate Governance under Chapter 3. Corporate Governance Report” and the Company's website. (https://www.sitronix.com.tw/tw/investor-relations/corporate-principles/board-of-directors/)			
	✓		(IV) The Company regularly evaluates the independence and adequacy of the CPA once a year and submits to the board the conclusion of such evaluation. i. Independence Evaluation The Company has made reference to Article 47 of the Certified Public Accountant Act and the “No.10 of the Bulletin of Norm of Professional Ethics for Certified Public Accountant of the Republic of China” issued by the National Federation of CPA Associations of the R.O.C.(Taiwan), the Company has formulated the following assessment items, and the CPA has issued a declaration of independence for the entrusted audit of the Company's financial statements. The latest evaluation was approved by the Audit Committee on November 2, 2023, and was submitted to the Board of Directors for approval on November 2, 2023.			
	<table><tr><th>Assessed Items</th><th>Evaluation results</th></tr><tr><td>(i) The CPA has no direct or significant indirect financial interest in the Company.</td><td>Yes</td></tr></table>				Assessed Items	Evaluation results
Assessed Items	Evaluation results					
(i) The CPA has no direct or significant indirect financial interest in the Company.	Yes					

Assessed Items	Implementation Status			Difference from Corporate Governance Practice Principles for TWSE/GTSM-Listed Companies and Reasons
	Yes	No	Description	
			Assessed Items	
			(ii) The CPA does not have a close business relationship with the Company.	Yes
			(iii) The CPA has no potential employment relationship with the Company.	Yes
			(iv) The CPAs and their audit team have not held any position as a director, manager, or significant influence on the audit case during the audit period or in the past two years.	Yes
			(v) The CPA has not borrowed any funds from the Company.	Yes
			(vi) The CPA has not provided non-audit services to the Company that may directly affect the audit work.	Yes
			(vii) Whether the CPA has met the independence requirements of the CPA Professional Ethics Bulletin No. 10, and whether the "Declaration of Independence" issued by the CPA has been obtained.	Yes
			(viii) The CPA has not provided audit services to the Company for seven consecutive years.	Yes
			ii. Suitability Evaluation The Company has obtained information on Audit Quality Indicators (AQIs) provided by the accounting firm and evaluated the audit quality of the accounting firm and audit team in accordance with the "Guidance on Interpretation of Audit Quality Indicator (AQI) by Audit Committee" issued by the competent authority. Based on the framework that consists of 13	

Assessed Items	Implementation Status			Difference from Corporate Governance Practice Principles for TWSE/GTSM-Listed Companies and Reasons												
	Yes	No	Description													
			indicators covering five scopes (listed below), we confirm that the indicator data of the Company's certified public accountants and the accounting firm are comparable to those of the industry average standards and the Company's last year auditing. The latest evaluation was approved by the Audit Committee on March 7, 2024, and submitted to the Board of Directors for approval on March 7, 2024.													
			<table><tr><th>Framework</th><th>Indicators</th><th>Evaluation Results</th></tr><tr><td>Profession</td><td>1-1 Audit Experience 1-2 Training Hours 1-3 Attrition Rate 1-4 Professional Support</td><td>All professional indicators, except for "professional support", are better than the industry standard, and the indicator of "professional support" has kept improving, indicating that the firm and the CPAs have good professional and management capabilities in performing audits.</td></tr><tr><td>Quality Control</td><td>2-1 Workload 2-2 Involvement 2-3 Engagement Quality Control Review 2-4 Quality Supporting Capacity</td><td>All quality control indicators, except for the "workload", are better than the industry standard, and the "workload" indicator has kept improving, indicating that the firm and the CPAs have good quality control.</td></tr><tr><td>Independence</td><td>3-1 Non-audit service fees 3-2 Customer familiarity</td><td>The percentage of non-audit service fees is less than 40%. The firm has audited the</td></tr></table>	Framework	Indicators	Evaluation Results	Profession	1-1 Audit Experience 1-2 Training Hours 1-3 Attrition Rate 1-4 Professional Support	All professional indicators, except for "professional support", are better than the industry standard, and the indicator of "professional support" has kept improving, indicating that the firm and the CPAs have good professional and management capabilities in performing audits.	Quality Control	2-1 Workload 2-2 Involvement 2-3 Engagement Quality Control Review 2-4 Quality Supporting Capacity	All quality control indicators, except for the "workload", are better than the industry standard, and the "workload" indicator has kept improving, indicating that the firm and the CPAs have good quality control.	Independence	3-1 Non-audit service fees 3-2 Customer familiarity	The percentage of non-audit service fees is less than 40%. The firm has audited the	
Framework	Indicators	Evaluation Results														
Profession	1-1 Audit Experience 1-2 Training Hours 1-3 Attrition Rate 1-4 Professional Support	All professional indicators, except for "professional support", are better than the industry standard, and the indicator of "professional support" has kept improving, indicating that the firm and the CPAs have good professional and management capabilities in performing audits.														
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Independence	3-1 Non-audit service fees 3-2 Customer familiarity	The percentage of non-audit service fees is less than 40%. The firm has audited the														

Assessed Items	Implementation Status		Difference from Corporate Governance Practice Principles for TWSE/GTSM-Listed Companies and Reasons
	Yes	No	
providing information required for Director/Supervisor's operations, assisting Directors and Supervisors to comply with laws and regulations, convening board/shareholder meetings in compliance with the law, and producing meeting minutes of board/shareholder meetings)?			Corporate Governance, to serve as the Head of Corporate Governance of the Company, who already has over three years of experience in management of corporate governance related affairs of public companies, including stock affairs or board of directors' and shareholders' meetings, and is jointly responsible for corporate governance related affairs with the finance and accounting departments. The main duties are to handle matters related to the meetings of the Board of Directors and the shareholders' meeting in accordance with the law, prepare minutes of the Board of Directors' and shareholders' meetings, provide the directors with information necessary for the execution of their business, assist the directors in taking office and continuing education, and assist the directors in complying with the laws and regulations. The cumulative number of hours of study in 2023 on topics related to the Head of Corporate Governance is 9 hours (statistically from November 2, 2023 to December 31, 2023).
V. Has the Company established communication channels and dedicate section for stakeholders (including but not limited to shareholders, employees, customers and suppliers) on its website, and responded appropriately to interested parties concerning important corporate social responsibility issues?	✓		(I) Stakeholders can communicate with the Company through our spokesperson and acting spokesperson. The Company's website also provides sessions for stakeholders, with e-mail address and contact available for stakeholders, which are used by various stakeholders to ask questions to respond immediately to issues of concern to stakeholders. (https://www.sitronix.com.tw/tw/investor-relations/stakeholder/) (II) The Company's website provides a technical support service mailbox, and the dedicated person is responsible for handling the application issues of the product. (https://www.sitronix.com.tw/tw/contacts/) (III) The Company's website has also disclosed the contact information of the shareholder services agent and CPA, providing investors with contact information. (https://www.sitronix.com.tw/tw/investor-relations/shareholders-meeting/ir-contact/)
VI. Has the Company appointed a professional stock affairs agency for shareholders affairs?	✓		The Company has appointed the Share Agency Department of Taishin Securities Co., Ltd. for the agent of shareholders' meeting affairs.

Assessed Items	Implementation Status		Difference from Corporate Governance Practice Principles for TWSE/GTSM-Listed Companies and Reasons
	Yes	No	
<p>VII. Information Disclosure</p> <p>(I) Does the Company set up THE website to disclose financial operations and corporate governance information?</p> <p>(II) Has the Company adopted other measures (such as English website, a designated person responsible for the collection and disclosure of information, implementation of the spokesman system, the legal entities announcements uploaded to website, etc.) to disclose information?</p> <p>(III) Does the Company announce and declare the annual financial report within two months after the end of the fiscal year? Does it announce and declare the first, second and third quarter financial reports and operating conditions of each month as soon as possible before the prescribed period?</p>	<p>✓</p> <p>✓</p> <p>✓</p>	<p>(I) The Company set up a website and constructed a section for investor relations to disclose financial operations and corporate governance information. The shareholders and investors can also inquire about related information on the Company's financial business and corporate governance.</p> <p>(II) The Company's website contains both Chinese and English information. According to our job responsibilities, there are dedicated units responsible for collecting and disclosing information on the Company's website and the MOPS. We have established a spokesperson system to communicate relevant information about the Company externally. At the same time, the Company's operational information is disclosed on the Company's website and the MOPS and investor conference briefing is disclosed on the Company website. In accordance with the regulations of the competent authority, the Company has fulfilled its responsibilities and obligations for information disclosure in accordance with laws and the provisions of the competent authority.</p> <p>(III) The Company did not announce and declare its annual financial reports within two months after the end of the fiscal year. However, it has announced and declared the quarterly financial report in advance within the prescribed period, as well as the operating status of each month.</p>	<p>Except for item (III), which will be subject to legal provisions and the actual operation evaluation of the Company, there are no significant differences.</p>
<p>VIII. Does the Company have any other important information for better understanding the Company's corporate governance system (including but not limited to interests and rights of employees, care for employees, relation with investors, relation with suppliers, relation with interested parties, continuing education of</p>	<p>✓</p>	<p>(I) Employee rights and interests, employee care: please refer to the statement of " Chapter V. Operations Overview V. Labor Relations " in this annual report.</p> <p>(II) Investor relations: In order to protect shareholders' rights and interests and make it easier for investors to understand the Company's operating conditions, the Company has dedicated a spokesman and acting spokesman, who are specially responsible for external communication; Through legal</p>	

Assessed Items	Implementation Status			Difference from Corporate Governance Practice Principles for TWSE/GTSM-Listed Companies and Reasons
	Description			
	Yes	No		
Directors and Supervisors, execution of risk management policies and risk measuring standards, execution of customer policies, liability insurance for the Company's Directors and Supervisors)?			representative meetings and invited participation in investor meetings, relevant financial and operational information is disclosed on the MOPS and the Company websites in accordance with regulations, in order to achieve information openness and transparency.	
			(III) Supplier relationship: the Company has established supplier management procedures, and only those who pass the audit can become the cooperative partner of the Company. And the Company regularly evaluates the quality, delivery time, price and cooperation condition of major raw material suppliers to ensure that the suppliers can provide products of stable quality to the Company.	
			(IV) Rights of stakeholders: The Company maintains good communication channels with employees, clients, suppliers, and other stakeholders, and has established a stakeholder section to respect and safeguard their legitimate rights and interests.	
			(V) Situation of continuing education of directors and supervisors: In order to implement corporate governance, all directors of the Company have professional background, ability, and practical experience in business management. Nine directors (including independent directors) of the Company have completed more than 6 hours of continuing education during the year. For the situation of the advanced studies of Directors of the Company, please refer to the MOPS - Summary Table of Directors and Supervisors' Attendance on the Board of Directors and Situation of Their Advanced Studies.	
			(VI) Implementation of risk management policies and risk measurement standards: please refer to the description of "Chapter VII. Review, Analysis, and Risks of Financial Conditions and Performance"	
			(VII) Implementation of customer policy: the Company always keeps close contact with customers, and the cooperation with customers is handled in accordance with the Company's specifications and the contracts signed by both parties to	

Assessed Items	Implementation Status		Difference from Corporate Governance Practice Principles for TWSE/GTSM-Listed Companies and Reasons
	Yes	No	
			<p>safeguard the rights and interests of both parties. It devotes itself to providing the best products for customers, and emphasizes on differentiation and value creation. It has a special person responsible for communicating with customers and dealing with related issues.</p> <p>(VIII) Liability insurance bought by the Company for Directors: The Company buys liability insurance for Directors and major Managers every year. Evaluate the insurance limit regularly every year and report to the Board of Directors on the renewal of liability insurance for Directors.</p>
<p>IX. Please specify the measures adopted by the Company to improve the items listed in the corporate governance review result from Taiwan Stock Exchange's Corporate Governance Center and the improvement plans for items yet to be improved</p> <p>The 10th annual Corporate Governance Evaluation for the year 2023 resulted in Sitronix ranking in the 6-20% tier, and the ranking of electronics with a market value of more than 10 billion was upgraded to 11~20%, which advanced a level compared to the 9th ranking.</p>			
Improved Items of the 10th Corporate Governance Evaluation Index			
Number	Index item		Improvement methods
1.19	Are the Company's shareholders' meetings streamed live online or uploaded with uninterrupted audio recordings after the meetings?		The Company has uploaded the entire uninterrupted audio-visual recording file on the Company's official website after the conclusion of the Shareholders' Meeting. (https://www.sitronix.com.tw/tw/investor-relations/shareholders-meeting/meeting-video/)
2.17	Does the Board of Directors of the Company regularly (at least once a year) evaluate the independence and suitability of the certified public accountants with reference to the Audit Quality Indicators (AQIs) and disclose the assessment process in detail in the annual report?		The Board of Directors of the Company regularly (at least once a year) evaluates the independence and suitability of the certified public accountants with reference to the Audit Quality Indicators (AQIs) and discloses the evaluation process in detail in the annual report.

Assessed Items			Implementation Status		Difference from Corporate Governance Practice Principles for TWSE/GTSM-Listed Companies and Reasons
			Yes	No	
Number	Index item	Description			Improvement methods
2.21	Is the Company's Head of Corporate Governance a full-time position, with terms of reference and further training described on the Company's website and in the annual report?	The Company hired a new dedicated Head of Corporate Governance on November 2, 2023 and completed 9 hours of further training for the Head of Corporate Governance by the end of December. The terms of reference and further training of the dedicated Head of Corporate Governance have been disclosed on the Company's official website. (https://www.sitronix.com.tw/tw/investor-relations/corporate-principles/corporate-operation/)			
2.22	Has the Company formulated risk management policies and procedures approved by the Board of Directors, disclosed the scope of risk management, organizational structure and its operation, and reported to the Board of Directors at least once a year?	The Company has formulated risk management policies and procedures approved by the Board of Directors, disclosed the scope of risk management, organizational structure and its operation, and reported to the Board of Directors at least once a year.			
2.24	Has the Company implemented information security management system standards such as ISO27001, CNS27001, or other systems or standards with equivalent or higher effectiveness, and obtained third-party validation?	The Company migrated to the ISO 27001 information security management system standard in 2023 and obtained third-party (LRQA) validation in 2024.			
4.11	Disclose annual greenhouse gas emissions, water use and total weight of waste for the past two years and obtain external verification.	The Company completed its 2022 greenhouse gas inventory and obtained external (TUV NORD) verification in 2023.			
4.19	Does the Company invest in energy-saving or green energy-related environmentally friendly and sustainable machinery and equipment, or invest in the green energy industry (e.g., renewable energy power plants), etc., or does it issue or invest in financial products for sustainable development whose capital is utilized in green or socially beneficial investment projects and has substantial benefits, and does it disclose the circumstances of its investment and the specific benefits?	The Company invested NT\$50 million in 2023 in Taiwan Mobile Co., Ltd.'s social responsibility bonds (bond short name: P12 Taiwan Mobile 1, code: B94172), which were qualified as green bonds by TPEx.			

Assessed Items			Implementation Status		Difference from Corporate Governance Practice Principles for TWSE/GTSM-Listed Companies and Reasons
		Yes	No	Description	
Priority Enhancement Items for the 10th Corporate Governance Evaluation Index that Have Not Yet Been Improved					
Number	Index item	Improvement methods			
2.27	Has the Company implemented Taiwan Intellectual Property Management System (TIPS), ISO56005 or similar standards, and has it been verified by a third party?	The Company expects to implement Taiwan Intellectual Property Management System (TIPS) in 2024 and have it verified by a third party.			
4.22	Does the Company invest resources to support the development of domestic culture and disclose the manner and results of such support on the Company's website, annual report or sustainability report?	The Company expects to plan activities related to supporting domestic cultural development in 2024.			

(IV) Where a remuneration committee is established, the Company shall disclose its composition and operation status

1. Information on Members of the Remuneration Committee

December 31, 2023

Title	Name	Condition	Professional qualifications and experiences	Meets the Independence	Concurrent remuneration committee position in other publicly listed companies
Independent Director (Convener)	Cheng-Chieh Dai		Please refer to the description of the Company's annual report "III. Corporate Governance Report II. Information of Directors, Supervisors, General Managers, Deputy General Managers, Assistants and Heads of Departments and Branches (IV) Disclosure of information on the professional qualifications of the directors and supervisors and the independence of the independent directors".	Please refer to the description of the Company's annual report "III. Corporate Governance Report II. Information of Directors, Supervisors, General Managers, Deputy General Managers, Assistants and Heads of Departments and Branches (IV) Disclosure of information on the professional qualifications of the directors and supervisors and the independence of the independent directors".	0
Independent Director	Yu-Nu Lin		Please refer to the description of the Company's annual report "III. Corporate Governance Report II. Information of Directors, Supervisors, General Managers, Deputy General Managers, Assistants and Heads of Departments and Branches (IV) Disclosure of information on the professional qualifications of the directors and supervisors and the independence of the independent directors".	Please refer to the description of the Company's annual report "III. Corporate Governance Report II. Information of Directors, Supervisors, General Managers, Deputy General Managers, Assistants and Heads of Departments and Branches (IV) Disclosure of information on the professional qualifications of the directors and supervisors and the independence of the independent directors".	0
Independent Director	Jui-Hsiang Lo		Please refer to the description of the Company's annual report "III. Corporate Governance Report II. Information of Directors, Supervisors, General Managers, Deputy General Managers, Assistants and Heads of Departments and Branches (IV) Disclosure of information on the professional qualifications of the directors and supervisors and the independence of the independent directors".	Please refer to the description of the Company's annual report "III. Corporate Governance Report II. Information of Directors, Supervisors, General Managers, Deputy General Managers, Assistants and Heads of Departments and Branches (IV) Disclosure of information on the professional qualifications of the directors and supervisors and the independence of the independent directors".	0

2. Operational Status of the Remuneration Committee

I. There are 3 members in the Company's Remuneration Committee.

II. Current Term: From July 27, 2021 to July 26, 2024. The Remuneration Committee held four meetings (A) in the recent year, the qualifications and attendance of the committee members are shown as follows:

Title	Name	Attendance in Person (B)	By Proxy	Rate of Actual Presence (%) (B/A)	Remarks
Convener	Cheng-Chieh Dai	4	-	100%	None
Member	Yu-Nu Lin	4	-	100%	None
Member	Jui-Hsiang Lo	4	-	100%	None

Other matters that shall be reported:

1. If the Board of Directors does not adopt or amend recommendations proposed by the Remuneration Committee, the date, session, proposal contents and resolutions of the Board of Directors, and the Company's actions in response to the opinions of the Audit Committee shall be stated (also, where the remuneration approved by the Board of Directors is superior to that recommended by the Remuneration Committee, the differences and reasons shall be stated): None.

2. Where resolutions of the Remuneration Committee include dissenting or qualified opinion which is on record or stated in a written statement, the date, session, proposal contents, opinions from every member, and actions in response to the opinions of the members shall be stated:

Item	Matters for discussion	Resolution Results	Handling of Members' Opinions by the Company
2023.02.17 The 6th meeting of the 5th Committee	Distribution of the Remuneration to Employees and Directors for the Year 2022 of the Company.	During the discussion and voting on this motion, the interested members present were asked to take turns to withdraw from the meeting, and the rest of the members present agreed to pass the motion as it is.	None

Item	Matters for discussion	Resolution Results	Handling of Members' Opinions by the Company
2023.03.29 The 7th meeting of the 5th Committee	Compensation Adjustment Plan of Managers of the Company.	Passed by all attending members of the Remuneration committee.	None
2023.05.25 The 8th meeting of the 5th Committee	Distribution Plan of Remuneration for Managers in Cash for the 2022 Fiscal Year of the Company.	Passed by all attending members of the Remuneration committee.	None
2023.12.22 The 9th meeting of the 5th Committee	Distribution Plan of Managers Operation and Project Bonus for the Year 2023 of the Company.	Passed by all attending members of the Remuneration committee.	None

(V) The State of The Company's Performance of Social Responsibilities, Any Variance from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies, and the Reason for Any Such Variance

Assessed Items	Implementation State		Any Variance from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies, and the Reason for Any Such Variance
	Yes	No	
I. Does the Company formulate a framework and set up exclusively (or concurrently) dedicated units to promote corporate social responsibility, and authorize high level managers to handle and report to the Board of Directors?	✓		No material difference.
			<p>(I) Since August 4, 2022, the Company has set up a Sustainability Committee under the Board of Directors, with the Chairman (Vincent Mao) as the convener and the two independent directors as members, to set the annual goals of sustainable development in the economy, environment and society, and corporate governance, and regularly monitor the implementation, leading the Company to implement the vision, and short, medium, and long-term goals of sustainable development.</p> <p>(II) Under the Sustainability Committee, the Executive Office and the Environmental Sustainability, Social Responsibility and Corporate Governance Functional Group were set up to ensure the promotion and implementation of the work related to the sustainable development of the enterprise. In 2022, the sustainable issues were proposed by various departments and stakeholders of the Company, and corresponding strategies were formulated to implement the sustainable development policies of the Company in operation, environmental protection, customers and suppliers.</p> <p>(III) The Sustainability Committee held a meeting on July 18 and October 24, 2023, and reported the implementation to the Board of Directors on August 3 and November 2, 2023. The topics included: (1) identifying the sustainable issues to be concerned, and formulating the corresponding action plan, (2) revising the objectives and policies of sustainable related issues, (3) supervising the implementation of sustainable business matters, and evaluating the implementation, (4) conducting risk assessments of environmental, social or corporate governance issues related to the Company's operations based on the principle of materiality, and formulating relevant risk management policies or strategies based on the assessed risks; After listening to the report, the Board of Directors will evaluate the effectiveness of implementing relevant goals and policies, track the progress of implementation, and urge the management team to make adjustments when necessary. The detailed annual goals and implementation, please refer to Company's website (https://www.sitronix.com.tw/tw/investor-relations/corporate-principles/committee/)</p> <p>(IV) Duties and members of the Sustainability Committee:</p> <p>i. To prepare the sustainability policy of the Company.</p>

Assessed Items	Implementation State		Any Variance from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies, and the Reason for Any Such Variance																
	Yes	No																	
	Description																		
			<p>ii. To ensure the sustainability of the Company, including sustainable governance, integrity management, environmental and social targets, and preparation of strategies and implementation plans.</p> <p>iii. To review, track and revise the implementation and performance of the sustainability of the Company, and report to the Board of Directors regularly.</p> <p>iv. To address the concerns of various stakeholders, including shareholders, customers, suppliers, employees, government agencies, non-profit organizations, community, and media, and to oversee communication plans.</p>																
			<table><tr><th>Name</th><th>Title</th><th>Expertise</th><th>Number of attendance in 2023</th></tr><tr><td>Vincent Mao Chairman of the Board/ Director</td><td>Chairman/ Convener</td><td><ul style="list-style-type: none">With work experience in business, technology, industry knowledge, and operation judgment capacity.</td><td>2</td></tr><tr><td>Dai, Cheng-Chieh Independent Director</td><td>Member</td><td><ul style="list-style-type: none">With work experience in business, technology, and operation judgment capacity.</td><td>2</td></tr><tr><td>Lin, Yu-Nu Independent Director</td><td>Member</td><td><ul style="list-style-type: none">With work experience in accounting and operation judgment capacity.Professional and technical personnel who have passed the national examinations required for accountants to obtain a certificate.</td><td>2</td></tr></table>	Name	Title	Expertise	Number of attendance in 2023	Vincent Mao Chairman of the Board/ Director	Chairman/ Convener	<ul style="list-style-type: none">With work experience in business, technology, industry knowledge, and operation judgment capacity.	2	Dai, Cheng-Chieh Independent Director	Member	<ul style="list-style-type: none">With work experience in business, technology, and operation judgment capacity.	2	Lin, Yu-Nu Independent Director	Member	<ul style="list-style-type: none">With work experience in accounting and operation judgment capacity.Professional and technical personnel who have passed the national examinations required for accountants to obtain a certificate.	2
Name	Title	Expertise	Number of attendance in 2023																
Vincent Mao Chairman of the Board/ Director	Chairman/ Convener	<ul style="list-style-type: none">With work experience in business, technology, industry knowledge, and operation judgment capacity.	2																
Dai, Cheng-Chieh Independent Director	Member	<ul style="list-style-type: none">With work experience in business, technology, and operation judgment capacity.	2																
Lin, Yu-Nu Independent Director	Member	<ul style="list-style-type: none">With work experience in accounting and operation judgment capacity.Professional and technical personnel who have passed the national examinations required for accountants to obtain a certificate.	2																

Assessed Items	Implementation State		Any Variance from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies, and the Reason for Any Such Variance
	Yes	No	
II. Does the Company conduct risk evaluation on environmental, social and corporate governance issues related to the Company's operations in accordance with the principle of materiality, and formulate relevant risk management policies or strategies?	✓		No material difference.
III. Environmental matters			No material difference.
(I) Does the Company establish proper environment management systems based on the characteristics of its industries?	✓		
(II) Does the Company endeavor to utilize all resources more efficiently and	✓		

Assessed Items	Implementation State		Any Variance from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies, and the Reason for Any Such Variance
	Yes	No	
uses renewable materials which have a low impact on the environment?		<p>The increase of 131,545 kWh (6.75%) in electricity consumption in 2023 compared to 2022 was mainly attributable to the increase in electricity consumption in Taipei due to the demand for research and development work, the purchase of additional information equipment for the expansion of workstations, as well as the expansion of the office space in Hsinchu, and the 3% reduction in electricity consumption in the short-term (2023-2026) target had not yet been achieved.</p> <p>ii. The Company's products mainly focus on display driver ICs (DDICs), which are used in various AIoT products, including smart homes, smart mobile devices, smart watches, and vehicle-mounted applications. During the product development process, it assists customers in developing display driver products with optimal display performance, minimal peripheral components, and minimal volume. The zero-capacitor display drive technology developed and promoted by the Company makes it possible to eliminate the need for external passive components (capacitors) in FPCs, dramatically reducing the use of capacitors and saving billions of ceramic capacitors, achieving significant carbon reduction results.</p> <p>iii. The raw materials used in the Company's products comply with EU RoHS, REACH, and halogen-free specifications to reduce environmental impact. In green manufacturing, in order to reduce resource waste, the Company continues to seek waste reduction and reuse technology development; In the upstream and downstream of the value chain, make joint efforts to recycle and share packaging materials.</p> <p>iv. The Company promotes the electronic signature verification system to reduce the printing of correspondence and official letters, and issues the publicity announcements by E-mail to reduce the use of large amounts of paper. Moreover, it also advocates the policies of using recycled paper and energy saving and carbon reduction to reduce the impact of the Company's operations on the environment.</p> <p>v. For the implementation strategies and achievements of the Company, please read the Company's Sustainability Report Chapter 5 Energy Management and Waste Management.</p>	
(III) Does the Company evaluate the	✓	i. The Company takes the Sustainability Committee as the core of promoting enterprise sustainable action, and the convener and two members as well as the subordinate	No material difference.

Assessed Items	Implementation State		Any Variance from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies, and the Reason for Any Such Variance
	Yes	No	
present and future potential risks and opportunities of climate change to the Company, and taken measures to respond to climate-related issues?		<p>executive group as the full-time unit. After regularly collecting issues from all parties, it formulates long-term sustainability goals. Climate issues related to the Company's operations will be identified, corresponding strategies will be developed, target achievement status will be tracked, and implementation status will be reported to the Board of Directors once a year.</p> <p>ii. The Company evaluates the risks and opportunities of climate change to the Company in accordance with the TCFD proposal framework of the "Recommendations of the Task Force on Climate-related Financial Disclosures". The Company is an IC design company, without production line, and is upstream in the semiconductor industry chain. It is mainly faced with the potential risk of climate change and natural disasters caused by the impact of the greenhouse effect, resulting in water and power restrictions, supply chain disruption, rising raw material costs, etc., which have a potential impact on the Company's operations and increase the risk of loss.</p> <p>At the same time, the Company will also be concerned that climate change may bring new opportunities for business development: extreme weather has aroused a rise in global environmental awareness, leading to an increase in consumer demand for environmentally friendly and energy-saving products.</p> <p>iii. The Company will continue to pay attention to and comply with relevant environmental protection regulations to effectively respond to risks related to climate change; And in response to the global trend of energy conservation and carbon reduction, it will continue to implement relevant energy-saving and carbon reduction measures.</p> <p>"Energy Saving and Carbon Reduction" is one of the Company's environmental policies. Through measures such as energy-saving lamps and air-conditioned environmental control devices, the Company enables employees to deeply embed in the concept of energy saving and carbon reduction in their working environment, continuously reduce electricity consumption and achieve the reduction of carbon emissions, making the concept of carbon reduction deeply rooted in life.</p>	

Assessed Items	Implementation State		Any Variance from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies, and the Reason for Any Such Variance
	Yes	No	
(IV) Does the Company calculate greenhouse gas emissions, water consumption and total waste weight over the past two years, and formulate policies for energy conservation and carbon emissions reduction, greenhouse gas emissions reduction, water consumption reduction or other waste management?	✓		<p>The Company is a professional IC design company, which is engaged in product design, R&D and sales. Wafer manufacturing, packaging, testing and other production operations are entrusted to professional factories. No manufacturing related industrial waste and wastewater discharge will be generated. The disclosed business waste comes from the amount of outsourced waste recycling. (Recycled wastes mainly include gold-containing film, silicon rods, wafers (containing gold), PCBs with gold plating, as well as plastics, wood, and waste paper).</p> <p>i. <u>Greenhouse gas emissions in the past 2 years:</u></p> <p>(i) All offices and subsidiaries of the Company completed the 2022 ISO 14064-1 Scope 1 and 2 inventory in the second quarter of 2023; The Company (Hsinchu Head Office, Taipei Office) and its subsidiary (Sensortek) completed third-party verification of ISO 14064-1 in the second quarter of 2023. In the first quarter of 2024, the Company and its subsidiaries completed the greenhouse gas inventory for the year 2023 in accordance with ISO 14064-1; in the second quarter of 2024, the subsidiary (Sensortek) completed the third-party verification of ISO 14064-1 for the year 2023.</p> <p>(ii) The Company independently conducts greenhouse gas inventory in accordance with ISO14064-1:2018, with the main source of emissions being purchased electricity; the rest are fugitive emission sources, mainly from fire extinguishers and refrigerant. The Company neither has a production process nor a source of process emissions.</p> <p>(iii) The Company conducted the greenhouse gas inventory for 2023 in 2024, using 2022 as the benchmark year for our carbon inventory. We disclosed information in Scopes 1, 2 and 3.</p>

Assessed Items	Implementation State		Any Variance from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies, and the Reason for Any Such Variance																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																									
	Yes	No	Description				Total	Other indirect greenhouse gas emissions (Scope 3) Note2 and Note3	Connecting greenhouse gas emissions between input energy sources (Scope 2)	Direct greenhouse gas emissions (Scope 1)																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																		
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	Yes	No	Description																																	
			<p>Seven major categories of greenhouse gas emissions in Scope 1 (omitted because there were no PFCs, SF6, and NF3 emissions.)</p> <table><tr><th>Year</th><th>Types of greenhouse gases</th><th>CO2</th><th>CH4</th><th>N2O</th><th>HFCs</th><th>Total</th></tr><tr><td rowspan="2">2022 Note1</td><td>Emissions (metric tons of CO2e/year)</td><td>1.2399</td><td>0.0125</td><td>0.0391</td><td>6.0140</td><td>7.3055</td></tr><tr><td>Proportion to total emissions</td><td>16.9727%</td><td>0.1708%</td><td>0.5349%</td><td>82.3216%</td><td>100%</td></tr><tr><td rowspan="2">2023</td><td>Emissions (metric tons of CO2e/year)</td><td>1.0968</td><td>0.0110</td><td>0.0346</td><td>7.4540</td><td>8.5964</td></tr><tr><td>Proportion to total emissions</td><td>12.7590%</td><td>0.1284%</td><td>0.4021%</td><td>86.7105%</td><td>100%</td></tr></table> <p>Inventory scope: Scope 1, 2 and 3 information covers the Company (Hsinchu Head Office, Taipei Office).</p> <p>Note 1: The Company's 2022 greenhouse gas inventory data was subject to third-party verification in late May 2023, so the final disclosure data is based on this year's annual report.</p> <p>Note 2: The Company plans to gradually disclose Scope 3, with Category 4: Greenhouse Gas Emissions from the Purchase of Goods and Services in 2022, and Category 3: Employee Commuting Carbon Emissions in 2023, in addition to the above.</p> <p>Note 3: In Scope 3 of 2023, the greenhouse gas emissions from employee commuting in Category 3 were 271.9954 metric tons of CO2e, and the greenhouse gas emissions from purchasing goods and services were 202.7474 metric tons of CO2e.</p>	Year	Types of greenhouse gases	CO2	CH4	N2O	HFCs	Total	2022 Note1	Emissions (metric tons of CO2e/year)	1.2399	0.0125	0.0391	6.0140	7.3055	Proportion to total emissions	16.9727%	0.1708%	0.5349%	82.3216%	100%	2023	Emissions (metric tons of CO2e/year)	1.0968	0.0110	0.0346	7.4540	8.5964	Proportion to total emissions	12.7590%	0.1284%	0.4021%	86.7105%	100%
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	Yes	No	
			<p>In 2023, the total greenhouse gas emissions were 1,513,299 metric tons of CO₂e, which mainly came from electricity emissions of 1,029,9598 metric tons of CO₂e in Scope 2 and employee commuting emissions of 271.9954 metric tons of CO₂e in Scope 3, and the total of 1,301.9552 metric tons of CO₂e accounted for 86.03% of the emissions in the front-end.</p> <p>In order to continue to meet the international trend of reduction, the Company has conducted reduction tracking through the executive office under the Sustainable Committee and set the short-term (2023~2026) targets for Scope 1 and 2 at a reduction of 3% from the base year (2022). In 2023, greenhouse gas emissions (Scope 1 and 2) increased by 3.9% compared to 2022, mainly due to the purchase of additional information equipment in the Taipei office, the increase in the use of office space in the Hsinchu head office, and the purchase of additional refrigerant-related equipment. Currently, we have been focusing on air conditioning mainframe equipment, which has the highest power consumption, through the adjustment of the chilled water mainframe outlet temperature and timely activation of the parallel operation and raising the indoor cold room temperature, and the management of operation of the timer device to reduce air conditioning consumption. In terms of electricity consuming habits, the Company has carried out electricity-saving measures such as promoting energy conservation, setting power-saving modes for office machines, lowering the standby time of screens, and turning off the lights in the office area during lunch breaks to achieve the goal of lowering greenhouse gas emissions. In the future, the Company will gradually replace T5 fluorescent tubes with more energy-saving LED tubes, and it is expected that, with the proactive carbon-reduction efforts, the absolute total carbon emissions will continue to be revised downward.</p> <p>In addition, in order to respond to climate change and promote the sustainable operation of the Company, the Company will continue to negotiate the purchase of renewable energy and invest in the development of energy-saving products in the future. It is expected to achieve the long-term goal of "zero carbon emissions of office sites" by the end of 2050 and further achieve the net zero carbon emissions of the entire company and the use of 100% renewable energy by the end of 2050.</p>

Assessed Items	Implementation State		Any Variance from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies, and the Reason for Any Such Variance						
	Yes	No							
			<div><div><div>ii.</div><div><div><div><div><div>Water consumption in the past 2 years:</div></div></div><div><div><div>The company is a non-manufacturing company. Our facility's main water consumption uses are for general employee use, as air-conditioning condensate, and as data-center coolant. The total water consumption in 2023 was 6,286.59 tons, an increase of 17.09% compared to the previous year, mainly due to the expansion space of our Hsinchu and Taipei office.</div></div></div><table><tr><td>Year</td><td>2022</td><td>2023</td></tr><tr><td>Water consumption (mt)</td><td>5,369.02</td><td>6,286.59</td></tr></table><div><div>*Inventory scope: the Company (Hsinchu Head Office, Taipei Office)</div><div><div>The Company has been paying attention to energy conservation and environmental protection issues in water resources for a long time, and will continue to invest in multiple improvement measures. In terms of water-saving plans, we will comprehensively implement water conservation in daily life, including the installation of sensing faucets, water-saving devices, and two-stage toilets, save appropriate water volume, and clearly mark water conservation propaganda at each water use point, in order to maximize the benefits of available water resources.</div><div>The Company will be committed to water resource recycling and reuse, starting from 2020 and aligning with SDGs. It is expected to achieve a long-term goal of reducing water resource usage by 5% by 2025.</div></div></div></div><div><div>iii.</div><div><div><div>Waste output in the last 3 years:</div></div><div><div>The Company is committed to environmental protection, has set the KPI for waste reduction, which is reviewed annually by the Sustainable Committee, and has set the direction of industrial waste production towards zero waste in resource recycling. The Company's waste comes from industrial waste and domestic waste, and the industrial waste comes from the amount of waste recovered from outsourcing; Domestic waste is divided into general garbage, kitchen waste and resource recovery. Colleagues collect garbage in temporary storage areas, and then a cleaning company confirms the classification of recycling and transports it to the designated recycling area, and then</div></div></div></div></div></div></div>	Year	2022	2023	Water consumption (mt)	5,369.02	6,286.59
Year	2022	2023							
Water consumption (mt)	5,369.02	6,286.59							

Assessed Items	Implementation State		Any Variance from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies, and the Reason for Any Such Variance								
	Yes	No									
		<div>the qualified waste cleaning company transports it to the incineration plant for treatment.</div> <div>The statistical method of the amount of industrial waste is obtained from the statistics of the recycling and transportation company. The amount of domestic waste is shared with others in the office area, and the waste is treated uniformly in the building. It is not possible to be disaggregate the actual amount used by the Company, and only the amount of industrial waste is disclosed.</div> <table><tr><th>Year</th><th>Industrial waste (mt)</th></tr><tr><td>2021</td><td>4.9232</td></tr><tr><td>2022</td><td>5.2869</td></tr><tr><td>2023</td><td>4.3655</td></tr></table> <div>Note 1: Inventory scope: the Company (Hsinchu Head Office, Taipei Office)</div> <div>Note 2: Industrial waste added the non-gold-containing waste in 2023, and disclose the data for the previous two years retrospectively.</div> <div>“Resource Circulation and Zero Waste” is the ultimate goal of the Company's waste management. The Company has developed an "Environmental Control Procedures" to implement the resource recovery mechanism for domestic wastes and industrial wastes respectively. With the strategy of reducing the total amount of waste and waste reuse, and through source management measures such as improvement of manufacturing technology and reduction of raw materials by partner companies, waste output has been reduced to achieve a 5% reduction in the amount of waste generated by the business (with 2022 as the base year). Improvement measures for domestic waste include implementing waste separation, food waste recycling, reducing the use of disposable tableware and paper cups, and publicizing to colleagues to reduce the amount of waste.</div> <div>In terms of implementation, the Company's output of industrial waste in 2023 was 4.3655 metric ton, 17.4% less than that in 2022.</div> <div>For more information on the Company's policies on energy conservation, carbon</div>	Year	Industrial waste (mt)	2021	4.9232	2022	5.2869	2023	4.3655	
Year	Industrial waste (mt)										
2021	4.9232										
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Assessed Items	Implementation State		Any Variance from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies, and the Reason for Any Such Variance		
	Yes	No			
			reduction, greenhouse gas reduction, water reduction or other waste management, please refer to the Company's official website. (https://www.sitronix.com.tw/tw/about-sitronix/corporate-social-responsibility/sustainable-environment/)		
IV. Social matters (I) Does the Company establish proper management methods and procedures in accordance with the relevant regulations and the international conventions on human rights?	✓		<div><div>i. The Company recognizes and supports internationally recognized human rights norms and principles, including the Universal Declaration of Human Rights, the United Nations Global Compact, and the International Labor Organization's Declaration of Fundamental Principles and Rights at Work. To fulfill corporate social responsibility and implement human rights protection, the Company hereby formulates the human rights policies applicable to the Company, and treat and respect all colleagues with a fair and equitable attitude, prevents any violation of human rights, providing a reasonable and safe workplace and reasonable and dignified treatment for the Company's current employees.</div><div>ii. The Company's human rights policy is explained as follows:<ul style="list-style-type: none">• Diversity, inclusiveness, and equal opportunities</div></div> <table><tr><td>Human rights commitments</td><td><div><div>(i) In the personnel recruitment, employment, promotion, rewards, and various welfare aspects, there shall be no discrimination based on race, language, blood type, religion, party affiliation, place of origin, gender, age, marriage, facial features, or other factors.</div><div>(ii) Except for special job restrictions, we will hire employees with physical and mental disabilities and promise not to receive differential treatment due to any of the above factors.</div><div>(iii) In terms of personnel management, we attach great importance to the principle of "recruiting on the basis of intellectual ability, matching people to jobs" and do not use irrelevant personal characteristics as management assessment indicators.</div></div></td></tr></table>	Human rights commitments	<div><div>(i) In the personnel recruitment, employment, promotion, rewards, and various welfare aspects, there shall be no discrimination based on race, language, blood type, religion, party affiliation, place of origin, gender, age, marriage, facial features, or other factors.</div><div>(ii) Except for special job restrictions, we will hire employees with physical and mental disabilities and promise not to receive differential treatment due to any of the above factors.</div><div>(iii) In terms of personnel management, we attach great importance to the principle of "recruiting on the basis of intellectual ability, matching people to jobs" and do not use irrelevant personal characteristics as management assessment indicators.</div></div>
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Assessed Items	Implementation State			Any Variance from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies, and the Reason for Any Such Variance
	Yes	No	Description	
			<p>Management/Operation Guidelines</p> <p>Develop the 'Personnel Selection and Appointment Measures' and the 'Grading and Promotion Management Measures' to implement the above equality commitments.</p> <p>Improvement measures</p> <p>(i) Review the working environment and regulations at any time in cooperation with and in accordance with government decrees and changes in the social environment.</p> <p>(ii) If there is a violation of the 'Human Rights Policy', necessary improvement measures will be taken with the supervisor and the employee's rights will be returned.</p> <p>• Meet basic salary</p> <p>Human rights commitments</p> <p>(i) In order to ensure the economic well-being of employees, the salaries of all employees are in line with and superior to the basic salary level stipulated by local laws and regulations, and social insurance is handled according to regulations.</p> <p>(ii) On the premise of taking care of employees, and providing group insurance and related welfare and bonus distribution measures beyond legal regulations.</p> <p>Management/Operation Guidelines</p> <p>(i) Develop the 'Salary Operation Guidelines', where all colleagues' salaries are superior to the basic salary stipulated by laws and regulations.</p> <p>(ii) Newly admitted personnel shall sign an admission notice before the registration date, which shall specify their salary to ensure that the agreed employment conditions comply with legal regulations.</p> <p>(iii) The monthly salary is provided with project details and calculation methods to ensure that the payment content complies with laws and regulations.</p>	

Assessed Items	Implementation State			Any Variance from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies, and the Reason for Any Such Variance
	Yes	No	Description	
			Improvement measures	
			<p>Every year, we refer to the salary level of our peers and regularly review the salary evaluation standards to ensure that the salary level is competitive in the market.</p>	
			<ul style="list-style-type: none"> Reasonable working hours 	
			Human rights commitments	
			<p>To ensure work and life balance for employees, Sitronix Technology Corp. complies with laws and regulations on weekly working hours, and provides a leave system superior to the Labor Standards Law.</p>	
			Management/Operation Guidelines	
			<p>There is an attendance and access control management system, which will proactively provide reminders to colleagues with abnormal working hours.</p>	
			Improvement measures	
			<p>Proactively set up a reminder function in the attendance access control system, and conduct regular inspection and control.</p>	
			<ul style="list-style-type: none"> Prohibition of child labor 	
			Human rights commitments	
			<p>Comply with local minimum age laws and regulations, and do not employ child labor.</p>	
			Management/Operation Guidelines	
			<p>(i) The recruitment form provides age related information, and interviews are not arranged for individuals under the age of 16. (ii) Newly admitted employees must submit relevant identification documents on the registration day, confirming that they have reached the age of 16 before being promoted.</p>	
			Improvement measures	
			<p>Regularly review government laws and regulations to ensure and comply with corporate social responsibility and ethics.</p>	

Assessed Items	Implementation State			Any Variance from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies, and the Reason for Any Such Variance
	Yes	No	Description	
			<ul style="list-style-type: none"> Health and Safety Workplace Human rights commitments 	
			<p>(i) Taking care of employees' health is an obligation that the Company should fulfill. To ensure the health of its colleagues, Sitronix Technology Corp. regularly provides employees with free and comprehensive health checks every year. After the health examination, employees can consult with a doctor, who will provide health guidance based on the results of the examination.</p> <p>(ii) Providing a safe working environment for employees is the responsibility of the Company. Sitronix Technology Corp. has occupational safety and health business supervisors, emergency personnel, and fire protection teams in accordance with the law, continuously promoting a safe working environment and occupational disaster prevention.</p> <p>(iii) To safeguard the legitimate rights and interests of employees, Sitronix Technology Corp. has an employee complaint mailbox and a special complaint mailbox for sexual harassment, so that all employees are free from the threat of workplace violence and sexual harassment.</p>	
			<p>Management/Operation Guidelines</p> <p>The Labor Health Management Procedure, Fire Protection Plan, Employee Complaint Handling Measures, and Sexual Harassment Prevention Measures, Complaint and Punishment Measures shall be formulated and managed by relevant responsible units.</p>	

Assessed Items	Implementation State			Any Variance from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies, and the Reason for Any Such Variance
	Yes	No	Description	
			<p>Improvement measures</p> <p>Implement personnel education and training, work environment inspections, and internal/external audits in accordance with government laws and regulations, and inspect the entire company's environment, safety, and hygiene operations to ensure the safety of the work environment.</p>	
			<ul style="list-style-type: none"> Freedom of association <p>Human rights commitments</p> <p>(i) Establish an Employee Welfare Committee (referred to as the Welfare Committee) and select employee representative members in accordance with the law to ensure the rights and interests of employees</p> <p>(ii) Encourage employees to establish clubs and participate in legitimate leisure activities, in order to achieve the goal of peer friendship and physical and mental health.</p>	
			<p>Management/Operation Guidelines</p> <p>(i) Welfare Committee meetings are held regularly, and the Welfare Committee plans employee welfare activities.</p> <p>(ii) According to the 'Club Management Measures', it shall regularly organize activities. Sitronix Technology Corp. will provide activity subsidy funds to ensure the smooth operation of the employee club.</p>	
			<p>Improvement measures</p> <p>Establish a responsible unit to review clubs and regularly supervise the organization of club activities and reimbursement of funds; If there are violations of employee rights or other illegal matters, they will be corrected.</p> <p>Moreover, the Company held a workshop on the "Prevention and Management of Unlawful Infringement in the Workplace" in 2023, which was attended by 367 employees, each completed 183.5 hours of training. The Company also has a dedicated employee complaint mailbox for sexual harassment.</p>	

Assessed Items	Implementation State		Any Variance from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies, and the Reason for Any Such Variance
	Yes	No	
(II) Does the Company establish and implement reasonable employee benefits measures (including remuneration, leave and other benefits, etc.) and reflect the corporate business performance or achievements appropriately in the employee remuneration?	✓		<p>i. Employee remuneration: The Company regularly adjusts the level of remuneration and benefits by referring to the results of salary survey in the same industry and relevant welfare measures. Employee compensation is based on the provisions of the Company's articles of association. If there is a profit in the year, a proportion of no more than 25% and no less than 1% shall be allocated as employee compensation. After measuring the achievement status and contribution of employee performance goals, employee compensation and performance bonus distribution shall be made.</p> <p>ii. Employee benefits: The Company regards our employees as its most valuable assets. In order to attract, motivate, and retain the best talents, we offer competitive salaries and diverse thoughtful benefits to our employees. For details, please refer to the statement of "V. Labor Management Relations of Chapter V. Operations Overview" in this annual report.</p> <p>iii. Workplace Diversity and Equality: The Company is committed to developing a friendly workplace environment, realizing gender neutral reward conditions and gender equal promotion opportunities. The proportion of male and female full-time employees in 2023 was 69.95% and 30.05%, respectively, while the proportion of female supervisors was 28.75%. The Company has also overfunded 2 disabled individuals, providing fair and diverse employment opportunities.</p> <p>iv. Business performance is reflected in employee compensation: The Company distributes the remuneration and performance bonus according to the profit situation and the employee performance evaluation system every year.</p>
(III) Does the Company provide a safe and healthful work environments for its employees and organize training on safety and health for	✓		No material difference.

Assessed Items	Implementation State		Any Variance from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies, and the Reason for Any Such Variance
	Yes	No	
employees on a regular basis?			<ul style="list-style-type: none"> Occupational disasters The Company has established a public injury notification and care process. When colleagues suffer injuries due to disasters or accidents, they will follow the process of emergency rescue and medical treatment for the injured (ill) patients, and conduct investigation, analysis, and record keeping of the causes of the injuries and accidents. After the investigation of the causes of disasters and accidents is completed, subsequent improvement and injury prevention measures will be taken, while the effectiveness and progress of the improvement measures shall be tracked. The number of employees suffering from occupational disasters in Company in 2023 was 0. Fire In order to enhance our fire safety management, we regularly conduct self-defense firefighting formation training and emergency escape drills to strengthen our knowledge of fire prevention and safe escape, and implement fire safety equipment inspections to ensure the normal operation of firefighting equipment and public safety. In 2023, the number of fires in the Company was zero, and the number of fatalities and injuries was 0. Environment Measurement In order to grasp the actual state of the labor working environment and evaluate the exposure status of workers, and to protect workers from the harm of hazardous substances in the workplace, and ensure that the exposure concentration meets legal standards, an evaluation is conducted on the actual state of the labor working environment to quantify it. Based on its detection results, on-site improvements are made to enable every employee to work in a healthy and safe environment, enhance the Company's competitiveness, and provide workers with a healthy and comfortable working environment. The Company's operating environments involving the use of chemical hazardous substances and physical hazards comply with the operational regulations designated by the central regulatory authority and operational environment monitoring is conducted. Health Examination and Management When the Company employs workers, it implements physical examination, correctly distributes the work (confirms whether the workers are suitable for the work), protects

Assessed Items	Implementation State		Any Variance from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies, and the Reason for Any Such Variance
	Yes	No	
			<p>the workers' health and avoids harming others (avoids unsuitable workers from engaging in dangerous work), and establishes basic health information of workers. On-the-job colleagues undergo annual health examinations that are superior to those prescribed by law.</p> <ul style="list-style-type: none"> • Four Major Plans By identifying and evaluating hazards in the work environment, personnel composition, and work activities, analyzing human factors, and grading disease risk control measures, four major plans are proposed to prevent and reduce workplace violations, diseases caused by abnormal workload, and musculoskeletal injuries, and to protect the health of female workers and infants. • Education and Training for Safety and Health The Company regularly implements workplace safety education and training, including fire drills, general safety and health education and training, hazardous chemical labeling and common knowledge rules, and preventive measures for illegal infringement of workplaces. In 2023, a total of 1,394 employees were trained in safety and health education, with a total of 3,069.5 hours of training.

Assessed Items	Implementation State			Any Variance from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies, and the Reason for Any Such Variance																																					
	Yes	No	Description																																						
(IV) Does the Company establish effective career development training programs for its employees?	✓		<div>The Company has formulated an "Education and Training Management Procedure" and a complete training framework, developed perfect training courses according to the professional functions and career needs of employees, and is committed to building a diversified, autonomous and high-quality learning culture to strengthen the development ability of employees.</div> <table><tr><td rowspan="4">Leadership Development Program</td><td>Management Level</td><td>Advanced Leadership Development</td><td>Advanced Management Capacity</td><td>Advanced Professional Career Development</td><td>Chief Engineer</td><td rowspan="4">Professional Competency Development Program</td></tr><tr><td rowspan="2">Senior Management</td><td rowspan="2">Advanced Leadership</td><td>Personal Effectiveness</td><td rowspan="2">Advanced Skill Development</td><td rowspan="2">Senior Engineer (Manager)</td></tr><tr><td>Quality Management</td></tr><tr><td>Department Supervisors</td><td>Basic Managerial Ability</td><td>Patent Course General Course</td><td>Professional Engineering Skill</td><td>Engineer (Manager)</td></tr><tr><td colspan="7">New Staff Development Program</td></tr></table> <div>The implementation of employee training in 2023 is as follows:</div> <table><tr><td>Item</td><td>Number (people)</td><td>Total hours</td></tr><tr><td>Training for new employees</td><td>62</td><td>642.5</td></tr><tr><td>Internal professional ability training</td><td>1,002</td><td>3,152</td></tr><tr><td>External professional ability training</td><td>56</td><td>627</td></tr></table>	Leadership Development Program	Management Level	Advanced Leadership Development	Advanced Management Capacity	Advanced Professional Career Development	Chief Engineer	Professional Competency Development Program	Senior Management	Advanced Leadership	Personal Effectiveness	Advanced Skill Development	Senior Engineer (Manager)	Quality Management	Department Supervisors	Basic Managerial Ability	Patent Course General Course	Professional Engineering Skill	Engineer (Manager)	New Staff Development Program							Item	Number (people)	Total hours	Training for new employees	62	642.5	Internal professional ability training	1,002	3,152	External professional ability training	56	627	No material difference.
Leadership Development Program	Management Level	Advanced Leadership Development	Advanced Management Capacity		Advanced Professional Career Development	Chief Engineer	Professional Competency Development Program																																		
	Senior Management	Advanced Leadership	Personal Effectiveness		Advanced Skill Development	Senior Engineer (Manager)																																			
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Assessed Items	Implementation State		Any Variance from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies, and the Reason for Any Such Variance
	Yes	No	
(V) Is the Company in compliance with relevant laws and regulations as well as international standards when it comes to customer health and safety, customer privacy, marketing and labeling of products and services, and make relevant policies and appeal procedures on the protection of consumer rights and interests?	✓		No material difference.
			<p>i. The Company is in compliance with relevant laws and regulations as well as international standards when it comes to marketing and labeling of products and services to ensure the quality of its products and services and protect the rights and interests of customers. For the health and safety of customers, the Company has developed an 'Environmental Restricted Substance Management Procedure' to ensure that suppliers' materials comply with international environmental standards. We also independently arrange SGS inspections every year to ensure that all products sold comply with international green environmental standards, such as RoHS, Halogen Free (HF), and REACH from the European Union. We label products with green environmental standards, such as GP (Green Product) and RoHS.</p> <p>ii. In terms of customer privacy and business behavior, the Company has formulated the "Corporate Code of Ethical Conduct" to ensure the protection of confidential information between the Company and customers. Each new employee is required to receive training courses on the "Procedures for Handling Material Inside Information", and sign the "Confidential Information and Intellectual Property Guarantee Letter" when reporting to promote employees' confidentiality obligations and responsibilities, and ensure the prevention of customer confidentiality leakage.</p> <p>iii. In terms of protecting the rights and interests of customers/consumers, the Company formulates the "Customer Service and Complaint Handling Procedure" and the "Customer Satisfaction Operation Procedure", strives to provide high-quality customer service, and records the handling process of each customer complaint with the customer service system. Moreover, monthly quality meetings are held every month to review the quality performance of products, and deeply review major quality events to improve the quality of products.</p>
(VI) Does the Company has established a supplier management policy that requires suppliers to comply with the	✓		No material difference.
			<p>i. The Company has a "Supplier Management Procedure", which includes standardized and appropriate control procedures and methods, from the initial evaluation of new suppliers to the quarterly evaluation and annual audit of qualified suppliers. The Company has established a prior and regular evaluation mechanism for the list of new and qualified suppliers, including certification of relevant standards such as quality, environmental management, and occupational safety and health systems. Audit and evaluation items such as products and processes that do not contain environmental hazardous substances</p>

Assessed Items	Implementation State		Any Variance from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies, and the Reason for Any Such Variance
	Yes	No	
relevant standards on issues such as environmental protection, occupational safety and health, or labor and human rights? And the implementation status.			<p>must be improved within a specified period of time. Those who fail to improve must be removed from the list of qualified suppliers to ensure that suppliers shall comply with relevant specifications in environmental protection, occupational safety and health or labor rights.</p> <p>(i) New Supplier Evaluation We will conduct comparison and assessment in terms of quality, delivery time, cost, process capability, green product management, and occupational safety system with regard to domestic and international adoption of new suppliers. New suppliers that have been preliminarily approved still need to pass the actual audit before entering the Company's qualified supplier list.</p> <p>(ii) Qualified Supplier Management Conduct regular performance evaluations of qualified suppliers on a quarterly basis to confirm their compliance with various requirements. If the evaluation results do not meet the standards, an evaluation team should be arranged to conduct a new audit; Every year, an annual audit is also conducted for qualified suppliers to ensure that they continuously meet the quality requirements of the Company's products, and to strengthen cooperation and communication with suppliers to enhance their awareness of independent management. However, if a qualified supplier experiences situations such as using prohibited substances or violating the Company's sustainable standards, they will be required to improve within a specified period of time or be discontinued.</p> <p>ii. The Company is a fabless IC design company, occupying a global leading position in the application field of small and medium-sized display driver ICs. The Company's main business is responsible for the design and layout of integrated circuit products. After the design is completed, it is handed over to a professional wafer foundry to produce wafers, and then handed over to a professional factory for the production, testing, cutting, and packaging of the rear bumping. The supplier management mechanism for wafer and outsourced processing is as follows:</p> <p>(i) Quality Management The Company introduces the ISO 9001 quality management system, and all suppliers must pass the ISO 9001 quality system certification.</p>

Assessed Items	Implementation State		Any Variance from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies, and the Reason for Any Such Variance
	Yes	No	
			<p>(ii) Environment Protection According to the regulations of various countries and customer requirements, the Company integrates a green product management system for environmentally restricted substances that are harmful to ecology, environment and human body. Based on the "Procedures for the Management of Environmental Restricted Substances", the Company stipulates that the raw materials and packaging materials used by suppliers shall fully comply with the EU RoHS (Directive 2011/65/EU)/REACH SVHC/ Packaging and Packaging Waste (Directive 94/62/EC)/Hogen-free Directive and the green environmental protection requirements of customers, and moreover, they must cooperate with the "Declaration that the supplier does not use environmentally hazardous substances" signed by the Company and provide the test report of the third notary to jointly enhance corporate social responsibility. Suppliers are required to pass the ISO 14001 environmental management system evaluation. If there is no certification, a plan to complete the certification is required.</p> <p>(iii) Occupational Safety, Health, and Labor Rights Protection Suppliers must pass the ISO 45001 occupational health and safety management system evaluation. If there is no certification, they need to have a plan to complete the certification; or comply with relevant laws and regulations such as safety and hygiene, labor laws and regulations, and the labor human rights standards such as not employing child labor.</p> <p>(iv) Conflict Minerals Management The Company uses the CMRT (Conflict Minerals Reporting Template) questionnaire issued by the RMI (Responsible Minerals Initiative) to investigate suppliers, ensure that the metals used in the products provided by suppliers do not come from conflict minerals in Congo and its surrounding countries, as well as in any areas controlled by armed forces in these countries, and continue to monitor direct supply chain procurement practices to avoid obtaining controversial metal raw materials.</p>

Assessed Items	Implementation State			Any Variance from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies, and the Reason for Any Such Variance																			
	Yes	No	Description																				
			iii. The statistics of the certification and compliance with environmental substance management standards of the Company's main wafer and outsourced processing suppliers for 2023 are as follows:																				
			<table><tr><th>Item</th><th></th><th>Obtaining/Complying with Statistics</th></tr><tr><td rowspan="2">Quality Management</td><td>ISO 9001 Quality Management System</td><td>100%</td></tr><tr><td>IATF 16949 Automobile Industry Quality Management System</td><td>76%</td></tr><tr><td rowspan="2">Environment Protection</td><td>ISO 14001 Environmental Management System</td><td>100%</td></tr><tr><td>QC 080000 or SONY GP Hazardous Substance Management System</td><td>64.86%</td></tr><tr><td>Occupational Safety, Health, and Labor Rights Protection</td><td>ISO 45001 Occupational Health and Safety Management System</td><td>86.49%</td></tr><tr><td>Environmental Matters Management Standards</td><td>RoHS /HF/ REACH</td><td>100%</td></tr></table>	Item		Obtaining/Complying with Statistics	Quality Management	ISO 9001 Quality Management System	100%	IATF 16949 Automobile Industry Quality Management System	76%	Environment Protection	ISO 14001 Environmental Management System	100%	QC 080000 or SONY GP Hazardous Substance Management System	64.86%	Occupational Safety, Health, and Labor Rights Protection	ISO 45001 Occupational Health and Safety Management System	86.49%	Environmental Matters Management Standards	RoHS /HF/ REACH	100%	
Item		Obtaining/Complying with Statistics																					
Quality Management	ISO 9001 Quality Management System	100%																					
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Occupational Safety, Health, and Labor Rights Protection	ISO 45001 Occupational Health and Safety Management System	86.49%																					
Environmental Matters Management Standards	RoHS /HF/ REACH	100%																					

Assessed Items	Implementation State		Any Variance from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies, and the Reason for Any Such Variance
	Yes	No	
V. Does the Company adopt internationally widely recognized standards or guidelines when producing corporate social responsibility report and other reports that disclose non-financial information of the Company? Whether assurance or guarantee opinions have been obtained for the aforementioned reports by a third party certification unit?	✓		No material difference.
			The Company prepared the annual sustainability report 2022 in accordance with the internationally accepted GRI Standards, which was verified by TUV NORD Taiwan Co., Ltd. in accordance with the AA1000 AS V3 assurance standard and the GRI sustainability reporting standard issued by the Global Sustainability Standards Board (GSSB). The Company obtained a statement and assurance opinions, showing that the Company attaches importance to sustainable development, and disclosed them to the public and stakeholders on the website (https://www.sitronix.com.tw/tw/about-sitronix/corporate-social-responsibility/). Download and browse relevant information.
VI. For companies who have formulated their own sustainable development guidelines in accordance with the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies”, please describe the Company’s variance in operation, if any, from the aforementioned standard The Company has formulated its own “Sustainable Development Best Practice Principles” in accordance with the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies”, with the Sustainability Committee and its executive team as dedicated units in charging of the promotion of relevant practices. The Company’s operation has no material difference with its stipulated set of principles.			
VII. Other important information helpful in understanding the implementation of sustainable development: While focusing on developing innovative technologies and pursuing surplus to create shareholders' interests, the Company has not forgotten to pay attention to social needs			

Assessed Items	Implementation State		Any Variance from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies, and the Reason for Any Such Variance
	Yes	No	
Description			
and environmental issues, and encourages employees to contribute their own efforts to jointly fulfill corporate social responsibilities and obligations and share the common good with the society through caring for the weak and environmental protection.			
(I) Implementing corporate governance: The Company has established a designated section for stakeholders on the Company website, understands the reasonable expectations and demands of stakeholders through proper communication with them, and adequately responds to the important corporate social responsibility issues which they are concerned about.			
(II) Assistance to the Disadvantaged			
•Charitable Donation			
i. From 2015, it has handled Christmas wish donation activities for children in nurseries every year. In 2023, the Company funded a total of 4 nurseries to fulfill the Christmas wishes of 65 children.			
Recipient Unit			Donation Amount
Chung Yi Orphanage (Taipei Area)			\$21,500
St. Francis Xavier Children's Center, Roman Catholic Diocese of Hsinchu			\$22,890
Blue Sky Home, Roman Catholic Diocese of Hsinchu			\$19,450
Taksin House (Hsinchu Area), Good Shepherd Social Welfare Foundation			\$11,000
ii. The 2023 Love Food Drive was organized, and the number of donations was as follows			
Recipient Unit			Donation Item
Animal Rescue Team TAIWAN (Taichung Area)			Dog Dry Food: 286.08 kilograms Dog Food Can: 86 cans Cat Dry Food: 187.43 kilograms Cat Food Can: 170 cans

Assessed Items	Implementation State		Any Variance from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies, and the Reason for Any Such Variance
	Yes	No	
iii.	Regularly order afternoon tea from vulnerable institutions every month, allowing mentally disabled individuals to return to society in a normalized manner.		
	Order Unit	Description	Amount
	Smile Angel Bakery (Taichung Area)		\$35,900
	TriBake (Taipei Area)		\$62,160
	Bear House (Keelung Area)		\$15,600
	Baby Center (Taoyuan Area)		\$6,240
<p>•Donation of Supplies</p> <p>From time to time, we donate old computers to the ASUS Foundation and participate in the ASUS “Reverse Logistics Recycling, Recycled Computer Donation, and Love the Earth Project”, where we recycle obsolete information products into recycled computers and donate them to the disadvantaged groups to eliminate the digital gap and reduce pollution to protect the environment.</p> <p>Cumulative donations by the end of 2023 reduced carbon dioxide emissions by 7.295 metric tons, which translates to about 607.919 fewer trees cut down (Source: ASUS Foundation).</p>			
(III) Environment Protection			
i.	According to the regulations of various countries and customer requirements, the Company integrates a green product management system for chemical substances that are harmful to ecology, environment and human body. Based on the "Procedures for the Management of Environmental Restricted Substances", the Company stipulates that the raw materials and packaging materials used by suppliers shall fully comply with the EU RoHS (Directive 2011/65/EU)/REACH SVHC/ Packaging and Packaging Waste (Directive 94/62/EC)/Hogen-free Directive and the green environmental protection requirements of customers, and moreover, they must cooperate with the “Declaration that the supplier does not use environmentally hazardous substances” signed by the Company and provide the test report of the third notary to jointly enhance corporate social responsibility.		
ii.	Suppliers are required to pass ISO 14001 evaluation. If there is no certification, a plan to complete the certification is required.		
iii.	The employee portal website promotes the Sitronix Green+, driving energy saving and carbon reduction and other environmental protection operations.		
iv.	In response to the government's policy on plastic reduction, the Company does not provide disposable tableware and plastic straws for daily meals and afternoon tea, in order to implement environmental plastic reduction.		

Assessed Items	Implementation State		Any Variance from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies, and the Reason for Any Such Variance
	Yes	No	
<p>(IV) Cultivation of Scientific and Technological Talents</p> <p>i. Industry-academy cooperation is one of the cradles for the Company to introduce new talents. In order to strengthen the industry-academy cooperation relationship and improve the industry-academy effectiveness, the Company continues to establish long-term cooperative relationships with various industry-academy cooperation alliance centers, such as the SoC System Chip Center of National Taiwan University, and actively participates in seminars and scholarships sponsored by the school. The Company actively expands industry-academy resources, collaborates with the school to promote industry-academy collaborative research, talent cultivation, and recruitment activities, and maintains long-term good cooperative relationships.</p> <p>ii. Industry-academy cooperation plan for 2023: Sponsor the "Industry Sponsored Doctoral Talent Cultivation Scholarship": NT\$ 288,000 per year.</p> <p>(V) Support for Green Fixed Deposits in Financial Institution</p> <p>i. In response to the Green Deposit Program launched by the financial institutions, the financial institutions will use the deposit funds for green credit in renewable energy, energy conservation, waste gas pollution prevention and control, sewage treatment, wastewater treatment plants and infrastructure, and green buildings to support the development of the green industry through concrete actions.</p> <p>ii. During the year of 2023, we have committed to make green deposits amounting to NT\$80 million.</p>			

Appendix I

Material Issue	Risk Assessment Items	Description
Environment	Environmental Impacts and Management	<p>1. The Company's products is in compliance with the RoHS regulations of the European Union and are free of any hazardous substances. The Company has also established an "Management Procedure for Environmentally Restricted Substance" to perform a systematic management of raw materials, under which the suppliers are required to provide a third-party inspection report (ICP Report), that has a good standing of one year. This means that the suppliers will have to conduct inspection annually to monitor if their raw materials comply with environmental regulations.</p> <p>2. An internal audit is conducted in the fourth quarter of each year to ensure that the Company complies with the stipulated environmental regulations and operating procedures.</p>
	Energy and Greenhouse Gas Reduction	<p>1. The Company continuously strengthens employees' environmental awareness and promotes relevant energy-saving and carbon reduction measures in response to the environmental impact of office spaces and employees' lives.</p>

Material Issue	Risk Assessment Items	Description
Social	Occupational Safety	<p>1. The Company completed the ISO 45001 Occupational Health and Safety Management System Verification. The Company also organizes regular fire drills, general safety and health educational training, training courses on hazardous chemicals labeling and general rules and regulations as a part of the safety management of its employees.</p> <p>2. Moreover, the Company also conducts regular inspection of the working environment to inspect the emission level of carbon dioxide, lead and isopropanol emission to ensure the safety of employees in the offices and experimental sites.</p>
	Product Safety	<p>1. The Company has purchased cargo transportation insurance, and product liability insurance for some of its products to transfer product liability risks, mitigate financial losses and improve product safety.</p>
	Green Products	<p>1. Introduce the green supply chain and promote the green process, formulate the "Environmental Restricted Substance Management Procedure", purchase products that meet the EU environmental protection regulations and other relevant international environmental standards from the source, and verify that the raw materials delivered do not contain environmentally hazardous controlled substances and do not use conflict minerals by reviewing the inspection certification documents of raw materials.</p>
Corporate Governance	Strengthening the functions of the Directors	<p>1. Each member of the Board is required to receive at least 6 hours of training each year to update on new knowledge and gain understanding of their roles, functions, responsibilities and obligations on the Board to effectively implement the corporate governance system.</p> <p>2. The Company has purchased liability insurance for the Directors and Supervisors to indemnify them against legal actions or claims arising from their performance of duties.</p>
	Communication with Stakeholders	<p>1. The Company has a diverse Board. When discussing the Company's operation management, a wide range of opinions can be derived from the different experience of the members, thereby improving corporate governance and operation performance. Therefore, issues of concern to various stakeholders can also be properly analyzed and discussed.</p> <p>2. The Company has set up a stakeholders' section, which includes a specific contact window for investors, company spokesperson, and support services for equity matters and technical issues to serve as a channel for active communication with stakeholders.</p>
	Society, Economy and Law Compliance	<p>1. Through the establishment of various corporate governance related rules and regulations and governance organizations, the internal control mechanism is implemented to ensure the transparency of information disclosure and the compliance of all operations with relevant laws and regulations. To demonstrate the Company's business philosophy of integrity, transparency of information, implementation of internal control, and emphasis on shareholders' equity.</p>

Material Issue	Risk Assessment Items	Description
Corporate Governance	Operational-related Risks	<ol style="list-style-type: none"> 1. Cultivate second suppliers, maintain multiple OEMs, and review decentralized suppliers and customers annually. 2. Increase inventory and decentralize production to avoid business interruption due to unavailability. 3. Enhance product design and verification to avoid recalls of defective products, which may affect goodwill and increase after-sales repair costs. 4. Regular meetings are held to understand the production demand and capacity status of both parties to avoid unstable supply from outsourcing/co-operation vendors. 5. Introduce external R&D technologies to develop products that meet customer needs and satisfy various customer demands. 6. Recognize customer demand and market conditions to carefully evaluate demand and stocking schedule to avoid over or under stocking.
	Finance-related Risks	<ol style="list-style-type: none"> 1. Continuously monitor and evaluate updates to relevant tax regulations and conduct in-house training to ensure that employees have the necessary tax skills and awareness. 2. From time to time, external tax experts are called upon to provide advice and forward-looking counseling on major transactions to mitigate potential tax risks. 3. Through education and training and announcements, directors, managers or employees of subsidiaries are made aware of and comply with relevant laws and policy regulations to avoid operation and management risks caused by reinvestment. 4. Monitor international market movements and make timely adjustments to corporate strategies to minimize the risk of hidden asset fluctuations. 5. Monitor the foreign exchange position and pay attention to the market situation, and increase or decrease the position at any time to avoid the increase of expenses recognized outside the Company. 6. Forecast capital inflows and outflows, and increase liquidity by allocating short and long term capital. 7. Financial investments are based on hedging transactions. 8. The credit limits of customers are reviewed annually for appropriateness to minimize buyer's credit risk.
	Information Security	<ol style="list-style-type: none"> 1. Implement ISO 27001 information security management standards, planning, execution, monitoring and continuous improvement. 2. Regularly monitor the application of system resources. 3. Expand the scope of off-site backup and redundancy of operationally critical equipment.
	Intellectual Property	<ol style="list-style-type: none"> 1. Apply for patents for inventions created by the Company and continuously protect the patent rights according to the needs of the Company. 2. Cloud-based control of R&D department data. 3. Implement Taiwan Intellectual Property Management System (TIPS) and obtain third-party certification.

VIII. Climate-Related Information of TWSE/TPEX Listed Company

I. Implementation of Climate-Related Information

Item	Implementation Status
i. Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities.	i. The Sustainability Committee shoulders the main responsibility of corporate sustainability initiatives, with the convener and members evaluating issues from all aspects to develop mid- and long-term sustainability goals. The executive office under the Sustainability Committee assists in the development of procedures, coordinates the internal resources; Convenes the operational units to identify and assess climate-related and various aspect risks, holds risk management meetings for high-priority risks, and prepares corresponding countermeasures and checks the progress of final goals each year. The Board of Directors, as the supreme supervisory unit, regularly receives reports from the Sustainability Committee on the implementation of major ESG issues and the results of the management of risks that include climate risk, among others. The Board of Directors provides strategic feasibility or other recommendations on the reports, and also tracks the progress of implementation and urges the Committee to evaluate and adjust planning matters.

Item	Implementation Status			
ii. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term).	ii. Through internal company assessment and referencing the status of major suppliers, we define “short term” as within 3 years, “medium term” as between 3 to 10 years, and “long term” as 10 years or more. The climate risks identified are as follows:			
	Physical Risk Type	Occurrence timing / Issue Description, Impact to Business	Potential Financial Impact	Strategic Response Actions
	Extreme Weather Events	Acute, long term / Increased typhoons and heavy rain, or the occurrence of drought and water shortage may affect supplier’s operation and production delivery delays.	1. Decline in revenue. 2. Product procurement costs will increase.	1. A simulated scenario analysis is conducted using the TCFD risk management framework to examine the distribution of risks in the supply chain plant area. 2. Regularly reviewed whether supply chain setting water monitoring system or making emergency response procedures.
	Transitional Risk Type	Occurrence timing / Issue Description, Impact to Business	Potential Financial Impact	Strategic Response Actions
Greenhouse Gas Emission and Net-Zero Emissions Commitment	Short term / Sitronix and its key stakeholders are concerned about greenhouse gas emission performance, target setting and achievement of reductions; suppliers are also affected by the regulation of total greenhouse gas emissions, and there is a need to save energy and reduce carbon emissions.	1. The cost of purchasing energy-saving and carbon-reducing equipment has risen. 2. The cost of purchasing renewable energy and carbon rights is likely to rise in the future. 3. The increase in the cost of equipment purchased by the suppliers has in turn affected the Company's production costs.	1. In 2023, the Company conducted a greenhouse gas inventory in accordance with ISO 14064-1:2018 and obtained a declaration of assurance from an external organization. We have also made preliminary plans for short-term greenhouse gas reduction targets. In the long term, we will follow the Executive Yuan’s “Taiwan 2050 Net-Zero Emission” goal and related green energy policies. 2. In June 2023, the Company purchased Taiwan Mobile's green bonds to invest in sustainable financial development products with substantial benefits. 3. Gradually replacing energy-consuming equipment and considering purchasing green energy plans in the future. 4. Regularly reviewed whether key suppliers introduced ISO 14001 and ISO 50001 which helped them manage the risks of greenhouse gas emission.	

Item	Implementation Status								
	<table><tr><th>Transitional Risk Type</th><th>Occurrence timing / Issue Description, Impact to Business</th><th>Potential Financial Impact</th><th>Strategic Response Actions</th></tr><tr><td>Carbon Tax and Carbon Fee</td><td>Medium to long term/As regulations such as the Climate Change Response Act and the Renewable Energy Development Act become more stringent, related fees and taxes will increase, which will lead to higher costs if suppliers fail to comply with the regulations.</td><td>1. If Taiwan implements the “total volume control and carbon penalty” or “carbon tax” mechanism in the future, the financial cost will increase. 2. Increase in operating costs for suppliers of renewable energy power generation equipment.</td><td>1. The Company closely monitors the development of laws and regulations in Taiwan and internationally, as well as the practices of its peers and the status of the carbon trading market.</td></tr></table>	Transitional Risk Type	Occurrence timing / Issue Description, Impact to Business	Potential Financial Impact	Strategic Response Actions	Carbon Tax and Carbon Fee	Medium to long term/As regulations such as the Climate Change Response Act and the Renewable Energy Development Act become more stringent, related fees and taxes will increase, which will lead to higher costs if suppliers fail to comply with the regulations.	1. If Taiwan implements the “total volume control and carbon penalty” or “carbon tax” mechanism in the future, the financial cost will increase. 2. Increase in operating costs for suppliers of renewable energy power generation equipment.	1. The Company closely monitors the development of laws and regulations in Taiwan and internationally, as well as the practices of its peers and the status of the carbon trading market.
Transitional Risk Type	Occurrence timing / Issue Description, Impact to Business	Potential Financial Impact	Strategic Response Actions						
Carbon Tax and Carbon Fee	Medium to long term/As regulations such as the Climate Change Response Act and the Renewable Energy Development Act become more stringent, related fees and taxes will increase, which will lead to higher costs if suppliers fail to comply with the regulations.	1. If Taiwan implements the “total volume control and carbon penalty” or “carbon tax” mechanism in the future, the financial cost will increase. 2. Increase in operating costs for suppliers of renewable energy power generation equipment.	1. The Company closely monitors the development of laws and regulations in Taiwan and internationally, as well as the practices of its peers and the status of the carbon trading market.						
	The climate opportunity identified through internal company assessment and referencing the status of major suppliers are as follows :								
	<table><tr><th>Opportunity Type</th><th>Occurrence timing / Issue Description, Impact to Business</th><th>Potential Financial Impact</th><th>Strategic Response Actions</th></tr><tr><td>Product and Service</td><td>Short term / Promoting low-carbon, green products and production.</td><td>1. Introducing differentiated products leads to increased revenue. 2. Production costs will decrease. 3. R&D costs will increase °</td><td>1. Continuously introduce low-power and ultra-low power chips that meet the market and customer demand for energy-efficient products. 2. Zero capacitor technology in design to reduce manufacturing costs.</td></tr></table>	Opportunity Type	Occurrence timing / Issue Description, Impact to Business	Potential Financial Impact	Strategic Response Actions	Product and Service	Short term / Promoting low-carbon, green products and production.	1. Introducing differentiated products leads to increased revenue. 2. Production costs will decrease. 3. R&D costs will increase °	1. Continuously introduce low-power and ultra-low power chips that meet the market and customer demand for energy-efficient products. 2. Zero capacitor technology in design to reduce manufacturing costs.
Opportunity Type	Occurrence timing / Issue Description, Impact to Business	Potential Financial Impact	Strategic Response Actions						
Product and Service	Short term / Promoting low-carbon, green products and production.	1. Introducing differentiated products leads to increased revenue. 2. Production costs will decrease. 3. R&D costs will increase °	1. Continuously introduce low-power and ultra-low power chips that meet the market and customer demand for energy-efficient products. 2. Zero capacitor technology in design to reduce manufacturing costs.						
iii.Describe the financial impact of extreme weather events and transformative actions.	iii.For the potential financial impact of extreme weather and transformative actions on the Company, see “Potential Financial Impact” in the Climate Risks and Climate Opportunity table in the preceding question.								

Item	Implementation Status
<p>iv. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.</p>	<p>iv. In August 2023, the Board of Directors approved the “Risk Management Policy and Procedure”. In October, the executive office under the Sustainability Committee held a risk management meeting with each operating unit to assess the risks associated with sustainable development, including environmental climate risks, and the risk management process is described below:</p> <p>(I) Risk identification</p> <ol style="list-style-type: none"> 1. The Social Responsibility and Corporate Governance Group, under the executive office of the Sustainability Committee, is responsible for communicating risk information internally with each operating unit, and externally with reference to industry peers and international trends, and is responsible for collecting and compiling risk factors related to the Company's sustainable operations that need to be identified. 2. The environmental risk factors collected in 2023 are as follows: Climate Change / Extreme Climate / Drought, Natural Disasters / Earthquakes / Tsunamis, Greenhouse Gas Emissions / Changes in Energy Consumption Standards, Changes in International and Local Environmental Laws and Regulations, Carbon Taxes, Net Zero Carbon Emissions / Carbon Neutrality / Adoption of Green Power. <p>(II) Risk analysis</p> <p>After identifying the risk factors, each operating unit lists the Company's existing countermeasures, new countermeasures, monitoring frequency and targets for the risk factors, and scores the “likelihood of occurrence” and the “negative impact” of the occurrence of the risk factors, in order to multiply the impact of the risk on the Company, and to serve as a basis for subsequent risk management.</p> <p>(III) Risk assessment and response</p> <ol style="list-style-type: none"> 1. The results of the risk analysis are ranked and reviewed by the representatives of each operating unit and the CEO to determine the risk issues that the Company should prioritize and address. The contents are recorded by the executive office under the Sustainability Committee and submitted to the Sustainability Committee for approval. 2. Each operating unit plans and implements a follow-up risk response program based on the level of risk, continuously monitors the program, and regularly submits the risk management operation to the executive office under the Sustainability Committee. <p>(IV) Risk supervision and review</p> <p>The executive office under the Sustainability Committee regularly reports on the risk management operations of the Sustainability Committee, and the convener of the Committee or his/her designee reports to the Board at least once a year to oversee the continuous and effective operation of the risk management processes and countermeasures.</p>

Item	Implementation Status
<p>v. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described.</p>	<p>v. As a fabless IC design company, Sitronix is more resilient and quicker to respond to climate risk than the manufacturing industry. Sitronix will continue to pay attention to the establishment of a database of parameters and significant assumptions for scenario analysis by the task force of the Financial Supervisory Commission. The Company plans to evaluate the scenarios in the short, medium and long term time horizons, with the scenarios selected to be evaluated under the scenario of 1.5°C temperature increase and net zero emissions in 2050.</p> <p>The parameters and factors used in the financial impact analysis include the coefficients of electricity emissions, electricity tariffs (non-renewable energy and renewable energy), and the unit price of carbon fees in the regions where the Company operates, and the assumptions include the trend of changes in the aforementioned parameters.</p>
<p>vi. If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks.</p>	<p>vi. In response to climate risks, Sitronix aims for net-zero commitment. This involves conducting greenhouse gas inventories, participating in international sustainability assessments, regularly assessing climate risks, collaborating on carbon reduction initiatives with the supply chain, and developing green and low-carbon products. Additionally, the company convenes an internal risk management meeting annually to evaluate climate-related risks, including transition risks. Through climate action, we aim to preserve the Earth's carrying capacity and achieve a symbiotic and sustainable ecosystem.</p> <p>To fulfill our net zero commitment goals, in 2023, Sitronix has completed the 2022 greenhouse gas inventory and external verification in advance, and also promoted its subsidiaries to carry out self-inventory, laying the foundation for the subsequent greenhouse gas emission reduction target, and initially planning the short-term (2023-2026) reduction target of 3% compared to the base year of 2022 for the sum of scope 1 and 2 emissions; in terms of indicators, the Company has actively participated in international assessments, such as Sustainalytics, S&P Global Corporate Sustainability Assessment, with the goal of responding to international trends in indicators in advance and adapting to changes in regulations.</p> <p>In addition to continuing to promote climate change initiatives, we also encourage our staff to come up with net-zero innovations, so that our colleagues can internalize climate change awareness and action into their daily work and lives. In terms of procurement, Sitronix regularly monitors suppliers' climate risk measures, reviews sustainability reports, and TCFD-related content, with the goal of promoting "no production disruptions caused by climate disasters and no violations of environmental regulations", in order to grasp and strengthen the supply chain's climate resilience. In the provision of green products, we have developed zero capacitance technology to reduce the consumption of materials and components, and continue to design products with low energy consumption and high energy efficiency, so that our customers' use and social impacts are in line with the requirements of the climate change trend.</p> <p>Sitronix establishes partnerships with various stakeholders to accelerate the implementation of climate risk management and mitigation actions, enhance the semiconductor industry's zero-carbon green influence, and steadily move towards the Taiwan government's long-term goal of "Taiwan 2050 Net-Zero Emissions".</p>

Item	Implementation Status
vii.If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.	vii.In 2023, Sitronix didn't have internal carbon pricing tool. We will continue observe and evaluate carbon trading markets and related instruments and align with the government's plan to conduct in the future.
viii.If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified.	viii.Sitronix completed the 2022 ISO 14064-1 greenhouse gas inventory in 2023 and set the sum of scope 1 and scope 2 greenhouse gas emissions in 2022 as the benchmark for self-comparison, with a short-term (2023-2026) reduction target of 3%. Since Sitronix is a professional IC design company, we has no energy consumption for manufacturing, packaging, testing and other production machines, or chemical process. Our operation is mainly carried out in office space, which thus account for a large part in Scope 2. The overall electricity consumption consists of energy-consuming equipment such as air conditioning, lighting, computer systems, and laboratory equipment. We have been focusing on air conditioning mainframe equipment, which has the highest power consumption, through the adjustment of the chilled water mainframe outlet temperature and timely activation of the parallel operation and raising the indoor cold room temperature, and the management of operation of the timer device to reduce air conditioning consumption. In terms of electricity consumption habits, the Company has carried out electricity-saving measures such as promoting energy conservation, setting power-saving modes for office machines, lowering the standby time of screens, and turning off the lights in the office area during lunch breaks to achieve the goal of lowering greenhouse gas emissions. We also plan to replace T5 fluorescent tubes with more energy-saving LED tubes. However, the Company has not yet used renewable energy certificates to offset carbon credits. The Company will continue to pay attention to the market and the results of industry practices, and carefully evaluate the pollution caused using renewable energy and the benefits it can achieve.
ix.Greenhouse gas inventory and assurance status and reduction targets, strategy, and concrete action plan (separately fill out in points 1-1 and 1-2 below).	ix.Please refer to 1-1 and 1-2.

1-1. Greenhouse Gas Inventory and Assurance Status for the Most Recent 2 Fiscal Years

Describe emission volume (metric tons CO ₂ e), intensity (metric tons CO ₂ e/NT\$ million), and data coverage of greenhouse gases in the most recent 2 fiscal years.			
Describe the status of assurance for the most recent 2 fiscal years as of the printing date of the annual report, including the scope of assurance, assurance institutions, assurance standards, and assurance opinion.			
According to the regulations of “Sustainable Development Roadmap”, the greenhouse gas inventory information of the Company should be disclosed at the following time points.			
1. The greenhouse gas inventory of parent company for the 2025 should be completed by 2026, with disclosure in the annual report. For 2027, parent company inventory information and assurance should be completed by 2028, with disclosure of both in the annual report.			
2. Subsidiaries in consolidated financial report should completed 2026 greenhouse gas inventory in 2027 with disclosure in the annual report. For 2028, parent company inventory information and assurance should be completed by 2029, with disclosure of both in the annual report.			
3. The greenhouse gas inventory of parent company in 2022 and 2023 is voluntary disclosure. The data covers the Hsinchu Head Office and Taipei Office.			
Parent company	2022		2023
Greenhouse gas type	Emission Volume (metric tons CO ₂ e)	Intensity (Note 3) (metric tons CO ₂ e / NT\$ million)	Emission Volume (metric tons CO ₂ e)
Scope 1 (Note 1)	7.3055	0.00063035	8.5964
Scope 2 (Note)	992.1337	0.08560552	1,029.9598
Scope 3 (Note 1 and 2)	172.2778	0.01486486	474.7428
Total	1,171.717	0.10110074	1,513.299
Assurance institution	TÜV NORD		-
Assurance statement	The total greenhouse gas emission volume of the Company, 7.3055 metric tons CO ₂ e (100% of Scope 1) and 992.1337 metric tons CO ₂ e (100% of Scope 2) have been verified by an assurance institution following ISO 14064-3:2019, and the assurance level are reasonable assurance. Emissions from Scope 3 have been assured by assurance institution in accordance with ISO 14064-3:2019, with a level of limited assurance.		-
Assurance opinion	Unqualified Opinion		-

Note 1 : Greenhouse gas inventory information covers the parent company Sitronix Hsinchu Head office and Taipei Office.
 Note 2 : The company plans to gradually disclose Scope 3, with Category 4: Greenhouse Gas Emissions from the Purchase of Goods and Services in 2022. In 2023, we newly included the Category 3: Employee Commuting Carbon Emissions to the Scope 3.
 Note 3 : Intensity = Total CO₂ emission / Sitronix parent company only revenue (NT\$ million).

1-2 Greenhouse Gas Reduction Targets, Strategy, and Concrete Action Plan

Specify the greenhouse gas reduction base year and its data, the reduction targets, strategy and concrete action plan, and the status of achievement of the reduction targets.

In order to continue to meet the international trend of reduction, the Company has conducted reduction tracking through the executive office under the Sustainable Committee and set the short-term (2023~2026) targets for Scope 1 and 2 at a reduction of 3% from the base year (2022). In 2023, greenhouse gas emissions (Scope 1 and 2) increased by 3.9% compared to 2022, mainly due to the purchase of additional information equipment in the Taipei office, the increase in the use of office space in the Hsinchu head office, and the purchase of additional refrigerant-related equipment. Currently, we have been focusing on air conditioning mainframe equipment, which has the highest power consumption, through the adjustment of the chilled water mainframe outlet temperature and timely activation of the parallel operation and raising the indoor cold room temperature, and the management of operation of the timer device to reduce air conditioning consumption. In terms of electricity consumption habits, the Company has carried out electricity-saving measures such as promoting energy conservation, setting power-saving modes for office machines, lowering the standby time of screens, and turning off the lights in the office area during lunch breaks to achieve the goal of lowering greenhouse gas emissions. In the future, the Company will gradually replace T5 fluorescent tubes with more energy-saving LED tubes, and it is expected that, with the proactive carbon-reduction efforts, the absolute total carbon emissions will continue to be revised downward.

(VI) The state of the Company's performance in the area of ethical corporate management, any variance from the ethical corporate management best practice principles for TWSE/TPEX listed companies, and the reason for any such variance

Assessed Items	Implementation Status		Any Variance from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, and the Reason for Any Such Variance
	Yes	No	
I. Adopting ethical corporate management policy and programs (I) Has the Company formulated its ethical management policy approved by the Board of Directors, clarified it in its regulations and external documents and the commitment of board of Directors and senior Managers to active implementation?	✓	(I)	According to the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, the Company has formulated the Ethical Corporate Management Best Practice Principles, the Operating Procedure and Conduct Guide for Ethical Corporate Management and other relevant measures, which shall be disclosed on the Company's website after being adopted by the Board of Directors, stating that Directors, Managers, employees, appointees or persons with material control shall abide by the principle of good faith, the commitment that they shall not engage in unethical conduct and shall actively implement the policy of good faith, and shall follow in their internal management and external business activities. The members of the Board of Directors and senior management also adhere to the principle of ethical corporate management in operating the Company, and report to the Board of Directors once a year on the implementation of ethical corporate management in the current year.
(II) Does the Company establish a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis business activities within their business scope which are at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly, which shall at least include preventive measures against the behaviors as stipulated in item 2, Article 7 of "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"?	✓	(II)	According to the Ethical Corporate Management Best Practice Principles, the Company has formulated the Operating Procedure and Conduct Guide for Ethical Corporate Management, which explicitly defines business activities within its business scope which are at a higher risk of being involved in unethical conduct, and has formulated the preventive measures and notification procedures against the unethical conducts as stipulated in Paragraph 2, Article 7 of Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies. In order to prevent any unethical conduct, the Company requires all suppliers not to engage in any illegal business conduct and not to provide improper benefits and bribes to the Company's employees, and regularly conduct audits and evaluations on the suppliers. In case of a manufacturer engaging in unethical conduct of high risk, the Company may terminate or rescind the contract with it at any time, and if the case is serious, the Company will notify the judicial unit.
(III) Has the Company in the prevention programs for unethical conduct clearly prescribed the operation procedures,	✓	(III)	The Company has formulated the "Ethical Corporate Management Best Practice Principles", the "Operating Procedure and Conduct Guide for Ethical Corporate Management" and the "Regulations for the Whistle-blowing of Fraudulent

Assessed Items	Implementation Status		Any Variance from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, and the Reason for Any Such Variance
	Yes	No	
conduct guidelines and disciplinary and appeal system for violations of the ethical corporate management rules and implemented them, and conducted review and amendment on the aforementioned programs on a regular basis?			Conduct”, which stipulate the prohibitions against unethical conduct, reporting system and disciplinary system, which shall be implemented in the operation of each unit, and the relevant contents shall be regularly educated, publicized and reviewed and revised.
II. Implementation of ethical corporate management			No material difference.
(I) Does the Company evaluate the ethical record of its business partners and set ethical conduct policies in the terms and conditions of its contracts with the clients?	✓		(I) For the internal control system and various management measures that should be followed by suppliers and customers, the Company shall conduct credit investigation or evaluation operations, and avoid engaging in business transactions with agents, suppliers, customers or other business associates involved in unethical conduct. If the business associates or cooperation partners have engaged in unethical conduct, the Company shall immediately stop the business dealings with them and list them as the objects of refusal to engage in business dealings to implement the ethical management policy of the Company.
(II) Has the Company set up exclusively dedicated units supervised by the Board of Directors to be in charge of ethical corporate management which report its ethical management policy, prevention programs for unethical conduct, and the supervision and implementation state to the Board of Directors?	✓		(II) In publicity and implementation of ethical corporate management, the Company designates the Human Resources and Administration Department as the dedicated unit to be in charge of formulating and supervising the implementation of the ethical corporate management policies and prevention programs, and reporting the implementation status to the Board of Directors every year. The latest reporting date was November 2, 2023 and it was disclosed on the Company’s website.
(III) Does the Company work out policies to prevent conflicts of interest, provide proper statement channels and implement?	✓		(III) The Company’s “Rules of Procedure for Board of Directors Meetings” provides for a system of recusal of Directors from participation in discussion and voting, and shall not act as a proxy for other Directors to exercise voting rights in respect of matters in the meetings and board resolutions which are in conflict with the interests of the Company or the legal person represented thereby and are likely to prejudice the interests of the Company. To prevent conflicts of interest, the Company has formulated the "Ethical Corporate Management Best Practice Principles", the "Operating Procedure and Conduct Guide for Ethical Corporate Management" and the "Regulations for the Whistle-blowing of Fraudulent Conduct" and implements as required by the Principles. In case of any unlawful act, the whistle-blower can report to the dedicated unit through the independent whistle-blowing mailbox (report@sitronix.com.tw).

Assessed Items	Implementation Status		Any Variance from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, and the Reason for Any Such Variance																
	Yes	No																	
(IV) Has the Company established an effective accounting system, internal control system to put ethical corporate management into practice? The internal auditors shall draw up the relevant audit plan to audit the compliance of the prevention programs for unethical conduct according to the risk valuation results of the unethical conduct, or audited by CPAs?	✓		(IV) To ensure ethical corporate management, the Company has set up an effective accounting system and internal control system in accordance with the relevant laws and regulations. Internal auditors shall conduct audits in accordance with the audit plan, submit quarterly reports to the Board of Directors, and submit them to Independent Directors for signature before the end of the following month after the completion of the audit report; Moreover, the implementation of self-evaluation operations is used to ensure that the design and implementation of the internal control system is continuously effective, which is the basis for issuing the internal control system statement, and is submitted to the Board of Directors for approval.																
(V) Does the Company organize internal or external trainings on the ethical corporate management regularly?	✓		(V) In addition to the "Operating Procedure and Conduct Guide for Ethical Corporate Management" and "Procedures for Handling Material Inside Information" as required courses for new employees, the Company also carries out the training publicity of "Prohibition of Insider Trading" for senior managers every year. In addition, Directors and Managers participate in corporate governance training courses every year as required. In 2023, the employees attended the ethical corporate management courses organized by the Company: <table border="1"> <thead> <tr> <th>Course Name</th><th>Number Of Trainees Completed</th><th>Total Training Hours</th><th>Completion Rate</th></tr> </thead> <tbody> <tr> <td>Ethical Corporate Management Operating Procedures And Guidelines For Conduct</td><td>43 persons</td><td>7.2 hours</td><td>100%</td></tr> <tr> <td>Procedures For Handling Material Inside Information</td><td>43 persons</td><td>7.2 hours</td><td>100%</td></tr> <tr> <td>Prohibition Of Insider Trading</td><td>38 persons</td><td>19 hours</td><td>97%</td></tr> </tbody> </table>	Course Name	Number Of Trainees Completed	Total Training Hours	Completion Rate	Ethical Corporate Management Operating Procedures And Guidelines For Conduct	43 persons	7.2 hours	100%	Procedures For Handling Material Inside Information	43 persons	7.2 hours	100%	Prohibition Of Insider Trading	38 persons	19 hours	97%
Course Name	Number Of Trainees Completed	Total Training Hours	Completion Rate																
Ethical Corporate Management Operating Procedures And Guidelines For Conduct	43 persons	7.2 hours	100%																
Procedures For Handling Material Inside Information	43 persons	7.2 hours	100%																
Prohibition Of Insider Trading	38 persons	19 hours	97%																

Assessed Items	Implementation Status		Any Variance from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, and the Reason for Any Such Variance
	Yes	No	
III. Operation of the Company's Whistle-blowing System			
(I) Has the Company set specific whistle-blowing and reward system to facilitate the whistle-blowing channel and assign appropriate specialist accepting to spot the whistle-blowing object?	✓		(I) The Company has set up the "Regulations for the Whistle-blowing of Fraudulent Conduct", and provides an independent whistle-blowing mailbox (report@sitronix.com.tw) for external and internal whistle-blower of the Company. This whistle-blowing channel is publicly disclosed on the website of the Company, and a dedicate unit is designated to handle reporting cases according to the impeachment content.
(II) Has the Company set the standard operating procedures, follow-up measures shall be adopted depending on the severity of the circumstances after investigations of cases reported are completed and relevant confidentiality mechanism to investigate reported misconducts?	✓		(II) The Company clearly stipulates in the "Regulations for the Whistle-blowing of Fraudulent Conduct" the standard operating procedures, and that it will keep the whistle-blowers' identity and contents of information confidential.
(III) Has the Company taken measures to protect whistle-blowers from inappropriate disciplinary actions due to their whistleblowing?	✓		(III) The Company clearly stipulates in the "Regulations for the Whistle-blowing of Fraudulent Conduct" that it will keep the whistle-blowers' identity and contents of information confidential. The Company also undertakes to protect the whistle-blowers from improper treatment due to their whistle-blowing.
IV. Strengthening information disclosure Does the Company disclose the information of implementation and results of ethical management on its website and the MOPS?	✓		The Company has established relevant measures such as the "Ethical Corporate Management Best Practice Principles" and the "Operating Procedure and Conduct Guide for Ethical Corporate Management", which will be disclosed on the MOPS. The content and effectiveness of the established Ethical Corporate Management Best Practice Principles will also be disclosed on the Company's website.
V. If the Company develops its own ethical management rules according to the Integrity Operation Best Practice Principles for TWSE/GTSM-Listed Companies, please state the differences: No difference.			No material difference.
VI. Other important information for better understanding of the ethical management: (such as review and amendment of the regulations on ethical management)			
(I) The Company complies with the Company Act, Securities and Exchange Act, Business Entity Accounting Act, Political Donations Act, Anti-Corruption Act, Government Procurement Act, Act on Recusal of Public Servants Due to Conflicts of Interest, and the relevant rules and regulations on TWSE/GTSM-Listed Companies and business conduct as the foundation for implementing ethical corporate management.			
(II) The Company's "Rules of Procedure for Board of Directors Meetings" provides for a system of recusal of Directors from participation in discussion and voting, and shall not act as a proxy for other Directors to exercise voting rights in respect of board resolutions which are in conflict with the interests of the Company or the legal person represented thereby and are likely to prejudice the interests of the Company.			

Assessed Items	Implementation Status		Any Variance from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, and the Reason for Any Such Variance
	Yes	No	
(III) The Company has formulated the "Operating Procedures for Handling Material Inside Information" and disclosed it on the Company's website in order to establish a good internal material information processing and disclosure mechanism for the Company. It is also to avoid improper disclosure of information and ensure the consistency and accuracy of information disseminated to the public.			
(IV) The Company regularly arranges corporate governance courses for the Directors and Managers to enhance their ability to supervise and manage the Company, with a view to enhancing the effectiveness of corporate governance and the implementation of ethical management.			

(VII) If the Company has formulated its Corporate Governance Code and other relevant regulations, the directory to such information shall be disclosed.

The sector "Investors" on the Company's website provides a "Corporate Governance" section for investors to inquire and download the relevant rules and regulations of corporate governance.

(VIII) Other important information that can further the understanding of the Company's corporate governance status may be disclosed together.

- i. The Company continues to strengthen the operation of corporate governance. The website of the Company provides investors with relevant rules and regulations on corporate governance and important resolutions of the Board of Directors for their reference.
- ii. In order to continuously enrich the corporate governance information, the Company has taken the initiative to inform the Company's Directors of the relevant education information, and all the nine Directors have met the requirements of the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and GTSM Listed Companies".
- iii. Company website <https://www.sitronix.com.tw> Information is collected and maintained by dedicated personnel, regularly disclosed and updated for investors to access financial, business, and other information.

(IX) Implementation of Internal Control System

1. Statement of Internal Control System

Sitronix Technology Corp. Statement of Internal Control System

Date: March 7, 2024

Based on the findings of a self-assessment, the following statement is made with regard to the Company's internal control systems during the 2023 fiscal year:

- I. Sitronix has established an adequate internal control system. Sitronix's Board of Directors and Managers are responsible for establishing, implementing, and maintaining the internal control systems. Our internal control system is a process designed to provide reasonable assurance over the effectiveness and efficiency of our operations (including profitability, performance and safeguarding of assets), reliability, timeliness, transparency of our reporting, and compliance with applicable laws, regulations and bylaws.
- II. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can only provide reasonable assurance of accomplishing the preceding three objectives. Moreover, the effectiveness of an internal control system may be subject to changes due to the changing environment or circumstances that are beyond our control. Nevertheless, our internal control system contains self-monitoring mechanisms, and we will take immediate remedial actions in response to any identified deficiencies.
- III. Sitronix evaluates the design and operating effectiveness of its internal control systems based on the criteria provided in the "Regulations Governing the Establishment of Internal Control Systems by Public Companies" (hereinafter below, the "Regulations"). The criteria adopted by the Regulations identify five constituent elements of internal control systems based on the process of management control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communications, and (5) monitoring activities. For the preceding five constituent elements, please refer to the provisions for the aforesaid "Regulations".
- IV. Sitronix has evaluated the design and operating effectiveness of its internal control system according to the aforesaid "Regulations".
- V. Based on the findings of such evaluation, Sitronix believes that, on December 31, 2023, it has maintained, in all material respects, an effective internal control system (including the supervision and management of our subsidiaries), to provide reasonable assurance over our operational effectiveness and efficiency, reliability, timeliness, transparency of reporting, and compliance with applicable laws, regulations and bylaws.
- VI. This Statement is the essential content of Sitronix's annual report and prospectus, and will be made public. Any misrepresentation and omission, or other illegality in the content publicly disclosed will entail a legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
- VII. This Statement was passed by the Board of Directors in their meeting held on March 7, 2024, with none of the nine (1 proxy) attending directors expressing dissenting opinions, and the rest all agreed the content of this Statement.

Sitronix Technology Corp.

Chairman: Vincent Mao

General Manager: Vincent Mao (acting)

2. Where a CPA has been hired to carry out a special audit of the internal control system, furnish the CPA audit report: None.

(X) For the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, disclose any sanctions imposed in accordance with the law upon the Company or its internal personnel, any sanctions imposed by the Company upon its internal personnel for violations of internal control system provisions, principal deficiencies, and the state of any efforts to make improvements: None.

(XI) Material resolutions of a shareholders meeting or a board of Directors meeting during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report

1. Major resolutions of the Board of Shareholders and state of implementation

Major Resolutions of the 2023 Regular Shareholders' Meeting	Implementation Status
1. 2022 Earning Distribution Plan.	By the resolution of the shareholders' meeting, the cash dividend of NT\$22 per share was distributed to the shareholders, with the total amount of NT\$2,643,011,272. The date of cash dividend payment: August 7, 2023
2. 2022 Business Reports and Financial Statements.	This has been announced to the public information observatory as required.

2. Major Resolutions of the Board of Directors

Date of Meeting	Major Resolutions	Matters specified in Article 14-3 of the Securities and Exchange Act
2023.03.16 The 8th meeting of the 10th Board	1. Passed the proposal on the evaluation of the competency of the CPA.	✓
	2. Passed the Distribution Plan of Operation and Project Bonus for Managers for the 2022 Fiscal Year Reviewed by the Remuneration Committee of the Company.	✓
	3. Passed the Distribution Plan of the Remuneration to Employees and Directors for the Year 2022.	✓
	4. Passed the Statement of Internal Control System for the Year 2022.	✓
	5. Passed the proposal on the 2022 Financial Statements and Business Report.	
	6. Passed the proposal on the 2022 Earning Distribution Plan.	
	7. Passed the proposal on Company's 2023 Operating Plan.	
	8. Passed the proposal on allowing the competition among Managers.	
	9. Passed the proposal on convening of the Company's regular shareholders' meeting in the year 2023 and related matters.	

Date of Meeting	Major Resolutions	Matters specified in Article 14-3 of the Securities and Exchange Act
2023.03.16 The 8th meeting of the 10th Board	10. Passed the proposal on amendment of the Company's "Rules of Procedure for Board of Directors".	
	11. Passed the proposal on the amendment to partial provisions of the Company's "Information Circulation".	✓
	12. Passed the proposal on the amendment of Company's "Corporate Governance Best-Practice Principles".	
	All Independent Directors' opinions: None. The Company's actions in response to the opinions all Independent Directors' opinions: None. Resolution outcome: approved by all the Directors present.	
2023.05.04 The 9th meeting of the 10th Board	1. Passed the Compensation Adjustment Plan of Managers Reviewed by the Remuneration Committee of the Company.	✓
	2. Passed the consolidated financial report for the first quarter of 2023.	
	3. Passed the proposal on the Company's long-term equity investment.	✓
	4. Passed the proposal on loaning funds to others.	✓
	5. Passed the proposal on the " Rules Governing Financial and Business Matters Between this Corporation and its Affiliated Enterprises ".	
	All Independent Directors' opinions: None. The Company's actions in response to the opinions all Independent Directors' opinions: None. Resolution outcome: approved by all the Directors present.	
2023.08.03 The 10th meeting of the 10th Board	1. Passed the proposal on the consolidated financial reports for the second quarter of 2023.	
	2. Passed the amendments to the partial clauses of the internal control system.	✓
	3. Passed the establishment of the Company's "Risk Management Policies and Procedures".	
	4. Passed the proposal on loaning funds to the subsidiary (INFSitronix Technology Corp.).	✓
	5. Passed the proposal on loaning funds to the subsidiary (mCore Technology Corp.).	✓
	6. Passed the endorsement and guarantee case for the subsidiary (Seer Microelectronics, Inc.).	✓
	7. Passed the Distribution Plan of Remuneration for Managers in Cash for 2022, which was reviewed by the Remuneration Committee of the Company.	✓
	All Independent Directors' opinions: None. The Company's actions in response to the opinions all Independent Directors' opinions: None. Resolution outcome: approved by all the Directors present.	
2023.11.02 The 11th meeting of the 10th Board	1. Passed the proposal on the Internal Audit Plan for the year 2024.	✓
	2. Passed the proposal on the amendment to partial provisions of the Company's "Production Circulation".	✓
	3. Passed the consolidated financial report for the third quarter of 2023.	

Date of Meeting	Major Resolutions	Matters specified in Article 14-3 of the Securities and Exchange Act
2023.11.02 The 11th meeting of the 10th Board	4. Passed the proposal on change of the CPA and the evaluation of the independence of the CPA.	✓
	5. Passed the proposal on the review of the CPA's professional fees.	✓
	6. Passed the Head of Corporate Governance Variance Case.	
	7. Passed the proposal on allowing the competition among Managers.	
	All Independent Directors' opinions: None. The Company's actions in response to the opinions all Independent Directors' opinions: None. Resolution outcome: approved by all the Directors present.	
2024.03.07 The 12th meeting of the 10th Board	1. Passed the proposal on the evaluation of the competency of the CPA.	✓
	2. Passed the Remuneration Committee's consideration of the Distribution Plan of Operation and Project Bonus for Managers for the 2023.	✓
	3. Passed the Distribution Plan of the Remuneration to Employees and Directors for 2023.	✓
	4. Passed the Statement of Internal Control System for 2023.	✓
	5. Passed the proposal on the 2023 Financial Statements and Business Report.	
	6. Passed the proposal on the 2023 Earning Distribution Plan.	
	7. Passed the proposal on the 2024 Operating Plan.	
	8. Passed the election of the 11th Director.	
	9. Passed the proposal of nomination of Director and Independent Director candidates.	
	10. Passed a motion to lift the competition restrictions on new directors and their representatives.	✓
	11. Passed the proposal on the amendment to the "Handling Procedures for the Acquisition or Disposal of Assets".	✓
	12. Passed the proposal on convening of the Company's regular shareholders' meeting in the year 2024 and related matters.	
	13. Passed the Manager Appointment Case.	
	14. Passed the Manager Appointment Case.	
	15. Passed the proposal on allowing the competition among Managers.	
	16. Passed the Audit Supervisor Variance Case.	✓
	17. Passed the proposal on the new endorsement and guarantee for the subsidiary (HeFei Sitronix Technology Co., Ltd.).	✓
	All Independent Directors' opinions: None. The Company's actions in response to the opinions all Independent Directors' opinions: None. Resolution outcome: approved by all the Directors present.	

(XII) Where, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, a Director or Supervisor has expressed a dissenting opinion with respect to a material resolution passed by the Board of Directors, and said dissenting opinion has been recorded or prepared as a written declaration, the main content: None.

(XIII) A summary of resignations and dismissals, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, of the Company's Chairman, General Manager, Heads of Accounting, Finance, Internal Audit, Corporate Governance and R&D:

April 26, 2024

Title	Name	Date of arrival	Date of termination	Reason for resignation or termination
Head of Corporate Governance	Shu-Fang Hsu	2020.03.13	2023.11.02	Job adjustment
General Manager	Wei Wang	2013.03.13	2023.12.31	Retirement
Internal Audit Supervisor	Candy Gu	2018.08.02	2024.03.07	Job adjustment

V. Information on CPA Professional Fees

(I) The amounts of audit and non-audit fees paid to the certified public accountant, to the accounting firm of the certified public accountant, and/or to any affiliated enterprise of such accounting firm as well as details of non-audit services that shall be disclosed:

Unit: NT\$ thousand

Name of Accounting Firm	Name of the CPA	Audit Period	Audit Fee	Non-audit Fee	Total	Remarks
Deloitte & Touche Taipei, Taiwan Republic of China	Cheng-Chih Lin	2023.01.01~2023.12.31	\$4,370	\$330	\$4,700	
	Mei-Chen Tsai	2023.01.01~2023.12.31				

Please state the content of non-audit services in detail: Non-Audit Fees for Transfer Pricing Report

(II) When the Company changes its accounting firm and the audit fee paid for the year is less than previous year, the reduction in the amount, percentage, and reasons shall be disclosed: None.

- (III) When the audit fee paid for the current year is less than previous year by 10 percent or more, the reduction in the amount, percentage, and reasons shall be disclosed:
None.

VI. Information on Replacement of CPA

(I) Regarding the former CPA:

Replacement Date	The replacement was approved by the Company's board of directors on November 2, 2023.		
Replacement reasons and explanations	Due to Deloitte & Touche Taipei, Taiwan Republic of China, the accounting firm's job rotation in accordance with relevant regulations, the CPA for auditing financial statements will be changed from Cheng-Chih Lin and Mei-Chen Tsai to Ya-Yun Chang and Mei-Chen Tsai from the first quarter of 2024.		
Describe whether the Company terminated or the CPA did not accept the appointment	Status \ Parties	CPA	The Company
	Termination of appointment	Not applicable	Not applicable
	No longer accepted (continued) appointment	Not applicable	Not applicable
Other issues (except for unqualified issues) in the audit reports within the last two years	None		
Differences with the company	None		
Other Revealed Matters (Those who should be disclosed in Article 10, Paragraph 6, Item 1-4 to Item 1-7)	None		

(II) Regarding the successor CPA:

Name of Accounting Firm	Deloitte & Touche Taipei, Taiwan Republic of China
Name of CPA	Ya-Yun Chang, Mei-Chen Tsai
Date of appointment	The replacement was approved by the Company's board of directors on November 2, 2023.
Consultation results and opinions on accounting treatments or principles with respect to specified transactions and the company's financial reports that the CPA might issue prior to the engagement.	Not applicable
Succeeding CPA's written opinion of disagreement toward the former CPA	Not applicable

- (III) Reply letter from the former CPA on item 1 and item 2-3 of Article 10, paragraph 6 of this standard: Not applicable.

VII. The State of the Company's Chairman, General Manager, or any Manager in Charge of Finance or Accounting Matters Has in the Most Recent Year Held a Position at the Accounting Firm of Its Certified Public Accountant or at an Affiliated Enterprise of Such Accounting Firm

The company's Chairman, General Manager, or any Manager in charge of finance or accounting matters has not held a position at the accounting firm of its certified public accountant or at an affiliated enterprise of such accounting firm in the most recent year.

VIII. The Status of any Transfer of Equity Interests And/or Pledge of or Change in Equity Interests by a Director, Supervisor, Manager, or Shareholder With a Stake of More Than 10 Percent during the Most Recent Fiscal Year or during the Current Fiscal Year up to the Date of Publication of the Annual Report

- (I) The Status of any Transfer of Equity Interests And/or Pledge of or Change in Equity Interests by a Director, Supervisor, Manager, or Shareholder With a Stake of More Than 10 Percent

Unit: Share

Title	Name	2023		The Current Fiscal Year up to April 22, 2024	
		Increase/Decrease of Shareholding	Increase/Decrease of Pledged Shares	Increase/Decrease of Shareholding	Increase/Decrease of Pledged Shares
Chairman & CEO	Vincent Mao	-	-	-	-
Director	Wen-Bin Lin	-	-	-	-
Director & CRO	I-Hsi Cheng	1,200,000	-	-	-
Director	Silicon Power Computer & Communications Inc.	-	-	-	-
	Representative: Hui-Min Chen	-	-	-	-
Director	Sheng-Su Lee	(54,000)	-	-	-
Independent Director	Cheng-Chieh Dai	-	-	-	-
Independent Director	Yu-Nu Lin	-	-	-	-
Independent Director	Jui-Hsiang Lo	-	-	-	-
Independent Director	Ching-Jung Hsu	-	-	-	-
Vice CEO & CRO	Chun-Sheng Lin(Note1)	(55,000)	-	-	-
General Manager	Wei Wang(Note2)	(55,000)	-	Not applicable	Not applicable
General Manager	Meng-Huang Liu(Note3)	-	-	-	-
Supervisor of Finance/Accounting Division	Shu-Fang Hsu	-	-	-	-
Corporate Governance Officer	Vivian Mao	-	-	-	-

Note 1: On March 7, 2024, the Board of Directors approved the promotion as Vice CEO and serves as CRO concurrently.

Note 2: Wei Wang, the general manager of the Company, retired on December 31, 2023.

Note 3: On March 7, 2024, the Board of Directors approved the promotion as General Manager.

(II) Information on Equity Transfer (Where the counterparty is a related party)

No Transfer in equity interests incurred to the counterparty that is a related party by a Director, Supervisor, Manager, or Shareholder with a stake of more than 10 percent of the Company.

(III) Information on Pledge of or Change in Equity (Where the counterparty is a related party)

No pledge or change in equity interests incurred to the counterparty that is a related party by a Director, Supervisor, Manager, or Shareholder with a stake of more than 10 percent of the Company.

IX. Information about the Domestic Relation Among the Shareholders Whose Shareholding Ratio is Within the Top Ten, Whether They are Related Persons or Their Spouses or Second Cousins

April 22, 2024

Unit: Share; %

NAME	Shareholding		Shareholding by spouse and minor children		Total shareholding through nominees		Top 10 shareholders where they are related parties or relatives within the second degree of kinship		Remarks
	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Title (or Name)	Relationship	
Capital Tip Customized Taiwan Select High Dividend ETF	10,780,000	8.97%	-	-	-	-	-	-	-
Taipei Fubon Commercial Bank Co., Ltd. is entrusted with the custody Fuh Hwa Taiwan Technology Dividend Highlight ETF	5,458,000	4.54%	-	-	-	-	-	-	-
Hua Nan Commercial Bank is entrusted with the custody Yuanta Taiwan Value High Dividend ETF	5,089,000	4.24%	-	-	-	-	-	-	-
Chang Hwa Commercial Bank is entrusted with the custody Ltd. Yuanta Taiwan High-yield Leading Company	4,340,000	3.61%	-	-	-	-	-	-	-
Gu Ming Investment Corp.	3,358,339	2.80%	-	-	-	-	-	-	-
Silicon Power Computer & Communications Inc.	3,150,000	2.62%	-	-	-	-	-	-	-
Hua Nan Commercial Bank is entrusted with the custody UPAMC Taiwan High Dividend Momentum ETF	2,372,000	1.97%	-	-	-	-	-	-	-
Wen Bin Lin	2,200,000	1.83%	1,100,000	0.92%	-	-	-	-	-
Citibank (Taiwan) Commercial Bank is entrusted with the custody of the Pacific Capital UCITS Funds	1,933,000	1.61%	-	-	-	-	-	-	-
MAO,YING-WEN	1,771,699	1.47%	81,243	0.07%	-	-	-	-	-

X. The Number of Shares Held by the Company, Directors, Supervisors, Managers, and Entities Directly or Indirectly Controlled by the Company in the Same Investee Enterprise, and the Calculation of the Consolidated Shareholding Ratio of the above Categories

December 31, 2023

Unit: Share; %

Investee business (Note 1)	Ownership by the Company		Investment by Directors, Supervisors, Managers, Direct or Indirect Control Groups		Total Ownership	
	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio
Sitronix Technology (Shenzhen) Co., Ltd.	Capital contribution USD 400,000	100%	-	-	Capital contribution USD 400,000	100%
HeFei ezGreen Co., Ltd.	Capital contribution RMB 10,000,000	100%	-	-	Capital contribution RMB 10,000,000	100%
HeFei Sitronix Co., Ltd.	(Note 2) Capital contribution RMB 45,000,000	90%	-	-	(Note 2) Capital contribution RMB 45,000,000	90%
HeFei Sitronix Technology Co., Ltd.	Capital contribution RMB 35,000,000	100%	-	-	Capital contribution RMB 35,000,000	100%
Sitronix Holding International Ltd.	6,000,000	100%	-	-	6,000,000	100%
ezGreen Inc.	16,000,000	100%	-	-	16,000,000	100%
mCore Technology Corp.	9,583,010	91%	-	-	9,583,010	91%
Sync-Tech System Corp.	12,403,511	42%	2,514,576	9%	14,918,087	51%
Forcelead Technology Corp.	23,197,545	61%	2,439,688	6%	25,637,233	67%
Seer Microelectronics, Inc	9,500,000	73%	889,537	7%	10,389,537	80%
Sitronix Investment Corp.	33,249,060	100%	-	-	33,249,060	100%
Sensortek Technology Corp.	22,529,596	46%	2,579,403	5%	25,108,999	51%
INFSitronix Technology Corp.	9,796,220	58%	607,928	4%	10,404,148	62%

Note 1: Long-term investments accounted for using the equity method by the company.

Note 2: The Company remitted RMB22,500 thousand for the investment, and the capital surplus was transferred to RMB22,500 thousand.

Chapter 4 Capital and Shares

I. Capital and Shares

(I) Source of Capital Stock

April 22, 2024

Year/ Month	Issue Price	Authorized Capital		Paid-in Capital		Remarks		
		Number of Shares (Thousand share)	Amount (NT\$ thousand)	Number of Shares (Thousand share)	Amount (NT\$ thousand)	Sources of Capital Stock (NT\$ thousand)	Capital Increase by Assets Other than Cash	Others
1998/08	10	4,500	45,000	4,500	45,000	Capital increase 25,000 by cash	None	Jian Yi No. 87329500
1998/12	10	7,000	70,000	7,000	70,000	Capital increase 25,000 by cash	None	Jian Yi No. 88256462
1999/12	10	16,000	160,000	16,000	160,000	Capital increase 90,000 by cash	None	Jing (089) Shang No. 089101284
1999/12	10	18,000	180,000	18,000	180,000	Capital increase 20,000 by cash	None	Jing (089) Shang No. 089101157
2000/08	10	21,500	215,000	21,500	215,000	Capital increase 35,000 by cash	None	Jing (089) Shang No. 130952
2002/11	10	30,000	300,000	25,000	250,000	Capital increase 35,000 by cash	None	Jing-Shou-Shang No. 09101479070
2003/06	10	66,800	668,000	33,432	334,325	Capital increase 84,325 transferred from earnings, capital reserve and employee bonus	None	Jing-Shou-Jhong No. 0923228806
2004/07	10	66,800	668,000	46,668	466,680	Capital increase 132,355 transferred from earnings, capital reserve and employee bonus	None	Jing-Shou-Jhong No. 09332442630
2005/01	10	66,800	668,000	47,303	473,035	Employee stock option certificates converted to common stocks 6,355	None	Jing-Shou-Jhong No. 09431572610
2005/04	10	66,800	668,000	47,488	474,880	Employee stock option certificates converted to common stocks 1,845	None	Jing-Shou-Jhong No. 09431949940
2005/07	10	100,000	1,000,000	63,704	637,044	Capital increase 162,164 transferred from earnings, capital reserve and employee bonus	None	Jing-Shou-Shang No. 09401122960
2005/07	10	100,000	1,000,000	66,785	667,855	Employee stock option certificates converted to common stocks 1,255 Domestic convertible bonds converted to common stocks 29,556	None	Jing-Shou-Shang No. 09401145870
2005/10	10	100,000	1,000,000	68,513	685,135	Employee stock option certificates converted to common stocks 8,175 Domestic convertible bonds converted to common stocks 9,105	None	Jing-Shou-Shang No. 09401213050
2006/01	10	100,000	1,000,000	69,520	695,206	Employee stock option certificates converted to common stocks 1,545 Domestic convertible bonds converted to common stocks 8,526	None	Jing-Shou-Shang No. 09501006430
2006/04	10	100,000	1,000,000	71,008	710,078	Employee stock option certificates converted to common stocks 4,680 Domestic convertible bonds converted to common stocks 10,193	None	Jing-Shou-Shang No. 09501069740

Year/ Month	Issue Price	Authorized Capital		Paid-in Capital		Remarks		
		Number of Shares (Thousand share)	Amount (NT\$ thousand)	Number of Shares (Thousand share)	Amount (NT\$ thousand)	Sources of Capital Stock (NT\$ thousand)	Capital Increase by Assets Other than Cash	Others
2006/07	10	100,000	1,000,000	71,232	712,318	Employee stock option certificates converted to common stocks 353 Domestic convertible bonds converted to common stocks 1,887	None	Jing-Shou-Shang No. 09501144330
2006/09	10	150,000	1,500,000	88,260	882,595	Capital increase 170,277 transferred from earnings, capital reserve and employee bonus	None	Jing-Shou-Shang No. 09501200340
2006/11	10	150,000	1,500,000	89,388	893,882	Employee stock option certificates converted to common stocks 7,638 Domestic convertible bonds converted to common stocks 3,649	None	Jing-Shou-Shang No. 09501254780
2007/01	10	150,000	1,500,000	90,451	904,508	Employee stock option certificates converted to common stocks 3,977 Domestic convertible bonds converted to common stocks 6,649	None	Jing-Shou-Shang No. 09601010850
2007/05	10	150,000	1,500,000	90,773	907,728	Employee stock option certificates converted to common stocks 3,220	None	Jing-Shou-Shang No. 09601106890
2007/09	10	150,000	1,500,000	103,764	1,037,639	Capital increase 128,523 transferred from earnings, capital reserve and employee bonus Employee stock option certificates converted to common stocks 1,388	None	Jing-Shou-Shang No. 09601224560
2007/12	10	150,000	1,500,000	107,635	1,076,351	Capital increase 35,000 by private placement Employee stock option certificates converted to common stocks 3,712	None	Jing-Shou-Shang No. 09601295620 Jing-Shou-Shang No. 09601307070
2008/04	10	150,000	1,500,000	107,641	1,076,414	Employee stock option certificates converted to common stocks 63	None	Jing-Shou-Shang No. 09701090630
2008/08	10	150,000	1,500,000	103,028	1,030,284	Employee stock option certificates converted to common stocks 3,870 Cancel treasury shares 50,000	None	Jing-Shou-Shang No. 09701192540 Jing-Shou-Shang No. 09701205760
2008/09	10	150,000	1,500,000	111,100	1,110,998	Capital increase 80,714 transferred from earnings, capital reserve and employee bonus	None	Jing-Shou-Shang No. 09701245290
2008/11	10	150,000	1,500,000	111,244	1,112,438	Employee stock option certificates converted to common stocks 1,440	None	Jing-Shou-Shang No. 09701300130
2009/04	10	150,000	1,500,000	111,336	1,113,365	Employee stock option certificates converted to common stocks 927	None	Jing-Shou-Shang No. 09801071590
2009/07	10	150,000	1,500,000	111,341	1,113,415	Employee stock option certificates converted to common stocks 50	None	Jing-Shou-Shang No. 09801132660
2009/09	10	150,000	1,500,000	115,258	1,152,581	Capital increase 39,028 transferred from earnings, capital reserve and employee bonus Employee stock option certificates converted to common stocks 138	None	Jing-Shou-Shang No. 09801211170
2009/12	10	150,000	1,500,000	115,316	1,153,161	Employee stock option certificates converted to	None	Jing-Shou-Shang No. 09801275030

Year/ Month	Issue Price	Authorized Capital		Paid-in Capital		Remarks		
		Number of Shares (Thousand share)	Amount (NT\$ thousand)	Number of Shares (Thousand share)	Amount (NT\$ thousand)	Sources of Capital Stock (NT\$ thousand)	Capital Increase by Assets Other than Cash	Others
						common stocks 580		
2010/04	10	150,000	1,500,000	115,487	1,154,871	Employee stock option certificates converted to common stocks 1,710	None	Jing-Shou-Shang No. 09901079490
2010/06	10	150,000	1,500,000	115,524	1,155,241	Employee stock option certificates converted to common stocks 370	None	Jing-Shou-Shang No. 09901132430
2010/09	10	150,000	1,500,000	117,835	1,178,346	Capital increase 23,105 transferred from earnings and capital reserve	None	Jing-Shou-Shang No. 09901200640
2010/12	10	150,000	1,500,000	117,889	1,178,886	Employee stock option certificates converted to common stocks 540	None	Jing-Shou-Shang No. 09901268170
2011/04	10	150,000	1,500,000	118,062	1,180,616	Employee stock option certificates converted to common stocks 1,730	None	Jing-Shou-Shang No. 10001067760
2011/05	10	150,000	1,500,000	118,148	1,181,476	Employee stock option certificates converted to common stocks 860	None	Jing-Shou-Shang No. 10001105470
2013/10	10	150,000	1,500,000	119,148	1,191,476	New restricted employee shares 10,000	None	Jing-Shou-Shang No. 10201211420
2014/08	10	150,000	1,500,000	119,118	1,191,176	Cancel new restricted employee shares 300	None	Jing-Shou-Shang No. 10301179340
2014/12	10	150,000	1,500,000	119,138	1,191,376	Employee stock option certificates converted to common stocks 200	None	Jing-Shou-Shang No. 10301248020
2016/08	10	150,000	1,500,000	120,638	1,206,376	New restricted employee shares 15,000	None	Jing-Shou-Shang No. 10501208560
2017/11	10	150,000	1,500,000	120,518	1,205,176	Cancel new restricted employee shares 1,200	None	Jing-Shou-Shang No. 10601149850
2018/04	10	150,000	1,500,000	120,503	1,205,026	Cancel new restricted employee shares 150	None	Jing-Shou-Shang No. 10701037000
2018/11	10	150,000	1,500,000	120,227	1,202,273	Cancel new restricted employee shares 2,753	None	Jing-Shou-Shang No. 10701148560
2019/04	10	150,000	1,500,000	120,223	1,202,226	Cancel new restricted employee shares 47.5	None	Jing-Shou-Shang No. 10801040290
2019/11	10	150,000	1,500,000	120,137	1,201,369	Cancel new restricted employee shares 857	None	Jing-Shou-Shang No. 10801174420

Unit: Share
April 22, 2024

Type of Shares	Authorized Capital			Remarks
	Outstanding Shares	Unissued Shares	Total	
Registered common stock	120,136,876	29,863,124	150,000,000	Outstanding shares are listed stock

(II) Composition of Shareholder

April 22, 2024

Shareholder Structure Quantity	Government Agencies	Financial Institutions	Other Legal Persons	Individuals	Foreign Institutions and Foreigners	Total
Number (people)	1	45	243	28,226	304	28,819
Number of Shares Held (share)	526,000	32,956,248	8,616,406	44,991,442	33,046,780	120,136,876
Shareholding Ratio	0.44%	27.43%	7.17%	37.45%	27.51%	100.00%

(III) Distribution of Ownership (par value of NT\$ 10 each share)

April 22, 2024

Shareholding Range	Number of Shareholders	Number of Shares Held (share)	Shareholding Ratio %
1 to 999	17,262	1,017,763	0.85%
1,000 to 5,000	10,080	17,320,021	14.42%
5,001 to 10,000	703	5,407,551	4.50%
10,001 to 15,000	224	2,881,970	2.40%
15,001 to 20,000	140	2,556,755	2.13%
20,001 to 30,000	118	2,963,946	2.47%
30,001 to 40,000	57	2,022,163	1.68%
40,001 to 50,000	32	1,472,917	1.23%
50,001 to 100,000	83	6,029,342	5.02%
100,001 to 200,000	45	6,440,117	5.36%
200,001 ~ 400,000	38	10,251,446	8.53%
400,001 ~ 600,000	11	5,518,708	4.59%
600,001 ~ 800,000	8	5,629,105	4.68%
800,001 ~ 1,000,000	2	1,869,000	1.56%
1,000,001 above	16	48,756,072	40.58%
Total	28,819	120,136,876	100.00%

(IV) List of Major Shareholders

Name, number of shares held, and shareholding ratio of shareholders who hold more than 5% of the shares or the top 10 shareholders

April 22, 2024

Name of Major Shareholders	Share Number of Shares Held	Shareholding Ratio
Capital Tip Customized Taiwan Select High Dividend ETF	10,780,000	8.97%
Taipei Fubon Commercial Bank Co., Ltd. is entrusted with the custody Fuh Hwa Taiwan Technology Dividend Highlight ETF	5,458,000	4.54%
Hua Nan Commercial Bank is entrusted with the custody Yuanta Taiwan Value High Dividend ETF	5,089,000	4.24%
Chang Hwa Commercial Bank is entrusted with the custody Ltd. Yuanta Taiwan High-yield Leading Company	4,340,000	3.61%
Gu Ming Investment Corp.	3,358,339	2.80%
Silicon Power Computer & Communications Inc.	3,150,000	2.62%
Hua Nan Commercial Bank is entrusted with the custody UPAMC Taiwan High Dividend Momentum ETF	2,372,000	1.97%
Wen Bin Lin	2,200,000	1.83%
Citibank (Taiwan) Commercial Bank is entrusted with the custody of the Pacific Capital UCITS Funds	1,933,000	1.61%
MAO,YING-WEN	1,771,699	1.47%

(V) Market Prices, Net Worth Per Share, Earnings Per Share, Dividends Per Share and Related Information in the Most Recent 2 Fiscal Years

Unit: NT\$ thousand; thousand share

Year		2022	2023	The Current Fiscal Year up to March 31, 2024
Item				
Market Price Per Share	Highest	323.5	314.5	323.0
	Lowest	136.0	176.0	270.0
	Average	221.17	246.91	295.02
Net Worth Per Share	Before Distribution	95.08	91.52	Note 4
	After Distribution	73.08	79.52	Note 4
Earnings Per Share	Weighted Average Number of Shares (thousand shares)	119,928	119,858	Note 4
	Earnings Per Share	30.10	15.50	Note 4
Dividends Per Share	Cash Dividend	22.0	12.0	Note 4
	Stock Dividends	-	-	Note 4
		-	-	Note 4
	Accumulated Undistributed Dividends	-	-	Note 4
Investment Return Analysis	Price-to-Earnings Ratio (Note 1)	7.35	15.93	Note 4
	Price-to-Dividends Ratio (Note 2)	10.05	20.58	Note 4
	Yield on cash dividend (%) (Note 3)	9.95	4.86	Note 4

Note 1: Price/Earnings ratio = Average closing price per share for the current fiscal year/earnings per share.

Note 2: Price/dividend ratio = Average closing price per share for the current fiscal year/cash dividend per share.

Note 3: Cash dividend yield = Cash dividend per share/Average closing price per share for the current fiscal year.

Note 4: The 2022-2023 financial statements have been audited by the CPAs. The financial statements for the period 2024 as of the publication of the annual report have not been audited by the CPAs.

(VI) Company's Dividend Policy and Implementation thereof

1. Dividend policy

The overall working capital needs and financial planning of the Company are taken into account in the Company's dividend distribution. In the absence of other special circumstances, the dividend shall be distributed at 50% or more of the net profit after tax of the current year.

Dividend policy stipulated in the Company's Articles of Incorporation:

Article 19 Any profit of the Company after annual closing of the books shall be distributed in the following order:

- (1) Pay all taxes and dues.
- (2) Make up for accumulated losses.
- (3) Appropriate 10% of the remaining net profits as legal surplus reserve. Where such legal reserve amounts to the total paid-in capital of the company, this provision shall not apply.
- (4) Appropriate or reverse special surplus reserve as prescribed by law.
- (5) If there is still remaining balance, the Board of Directors shall draw up an earnings distribution proposal on the balance and the accumulated undistributed earnings of previous years, and submit to the Board of Shareholders to resolve the dividends distribution to the shareholders.

Article 19-1 Dividends to shareholders of the Company shall be distributed in the form of cash or shares, provided that the proportion of cash dividends distributed shall not be less than 10% of the total dividends. The policy of dividend distribution shall be based on the company's current and future investment environment, capital needs, domestic and foreign competition, capital budget and other factors, taking into account the interests of shareholders, balance of dividends, and long-term financial planning of the company. The Board of Directors shall prepare a distribution plan and report to the shareholders' meeting on a yearly basis according to laws.

Article 19-2 The Company may authorize the distributable dividends and bonuses, in whole or in part, to be paid in cash after a resolution has been adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of Directors; and in addition thereto a report of such distribution shall be submitted to the latest shareholders' meeting.

Article 19-3 Where the company incurs no loss, it may, authorize the legal surplus reserve (a part that exceeds 25 percent of the paid-in capital) and capital surplus reserve (pursuance to the Company Act), in whole or in part, to be paid in cash after a resolution has been adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.

2. The proposed dividend distribution of Shareholders' Meeting this year:
 - (1) According to the Article of Incorporation, the Board of Directors was authorized to resolve specifically to distribute all or part of the dividends payable and bonus in cash, which was reported at the shareholders' meeting.
 - (2) Allocate the shareholders dividends of NT\$1,441,642,512 for the distribution of cash dividends of NT\$12 per share. The calculation method of "unconditional leaving out the number less than NT\$1" was adopted for the distribution of cash dividends, and the total number of decimal fraction less than NT\$1 shall be adjusted on the decimal number from big to small and the account number from front to back to accord with the total cash dividend distribution.
3. Any expected material changes in the dividend policy: None.

(VII) Effects upon the Company's business performance and earnings per share of any stock dividend distribution proposed or adopted at the most recent Shareholders' Meeting

Since the Company did not disclose financial forecasts in 2024 fiscal year, there is no relevant information to calculate the impact of the stock grants on the Company's business performance, and earnings per share.

(VIII) Remuneration to the Employee, Directors and Supervisors

1. The percentages or ranges with respect to the remuneration of the employee, Directors and Supervisors, as set forth in the Company's the Articles of Incorporation

As prescribed by the Articles of Incorporation, if the Company has gained profits within a fiscal year, 1% to 25% of the profits shall be reserved as the employees' compensation, and less than 3% as the Director's remuneration. However, if the Company has accumulated losses, it shall reserve the compensation amount in advance and then allocate employee remuneration and Director remuneration in accordance with the aforesaid proportion.

Employee compensation shall be resolved by the Board of Directors to be distributed in the form of shares or in cash. Qualification requirements of employees shall include the employees of parents or subsidiaries of the Company meeting certain specific requirements.

Prior to the establishment of the Audit Committee of the Company, the remuneration of Supervisors shall be allocated in accordance with the ratio prescribed in the first paragraph.

2. The basis for estimating the amount of employee, director, and supervisor remuneration, for calculating the number of shares to be distributed as employee remuneration, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period.

The basis for estimating the amount of employee, director, and supervisor remuneration of this year is calculated according to the Articles of Incorporation of the Company. Any discrepancy between the actual distributed amount and the estimated figure has been handled in accordance with the relevant laws and regulations.

3. Information on the remuneration distribution approved by the Board of Directors

The Board of Directors of the Company adopted the following resolutions on March 07, 2024:

- (1) The amount of any employee compensation distributed in cash or stocks and compensation for Directors and Supervisors.

The employee remuneration distributed in cash is of NT\$165,555,012, and NT\$24,833,253 for the directors, which has no discrepancy with the estimated figure for the current fiscal year.

- (2) The amount of any employee remuneration distributed in stocks, and the size of that amount as a percentage of the sum of the after-tax net income stated in the parent company only financial reports or individual financial reports for the current period and total employee remuneration: Not applicable.

4. The actual distribution remuneration of employees, Directors, and Supervisors for the previous fiscal year (including the distributed number, amount and shares price), and where is any discrepancy between the actual distribution and the recognized remunerations for employees, Directors and Supervisors, the discrepancy, cause, and how it is treated shall be stated:

Item	2022 Fiscal Year (distributed in 2023)		
	Amount Recognized in Financial Statements	Actual Distribution	Differences
Employee remuneration	NT\$317,180,305	NT\$317,180,305	None
Remuneration to Directors	NT\$58,816,417	NT\$58,816,417	None

(IX) Share Repurchases

None.

II. The Annual Report Shall Provide Information on the Company's Issuance of Corporate Bonds, Including Unretired Bonds and Unissued Bonds for which an Issue is currently Under Preparation, and in Accordance with Article 248 of the Company Act the Report Shall Disclose all the Matters Set Forth Thereunder and Explain Their Effect upon shareholders' Equity

None.

III. The Section on Preferred Shares Shall Include Both Outstanding and Unissued Shares for Which an Issue is Currently under Preparation, and Shall Disclose Any Conditions Attaching to Issuance and Their Effect upon Shareholders' Equity. The Information on Preferred Shares Shall Also Specify the Matters Listed under Article 157 of the Company Act

None.

IV. The Section on Global Depository Receipts Shall Include Information on Receipts Issues that Remain Partially Outstanding, and on Unissued Receipts for Which an Issue is Currently under Preparation. Also to be Disclosed are the Date of Issue, Total Value of Issue, the Rights and Responsibilities of the Holders of Global Depository Receipts and Related Matters

None.

V. The Section on Employee Stock Option Certificates

None.

VI. The Section on New Restricted Employee Shares

None.

VII. The Section on New Share Issuance in Connection with Mergers and Acquisitions

None.

VIII. The State of Implementation of The Company's Capital Allocation Plans

None.

Chapter 5 Operations Overview

I. Business Activities

(I) Business scope

1. Major contents of business

The main business items as stated in the Certificate of Incorporation and Business Registration Certificate are as follows:

- (1) Design, manufacture, test, and sale of various integrated circuits.
- (2) Design, manufacture, test, and sale of various integrated modules.
- (3) Research, development, and sales of various integrated circuit applications.
- (4) Trading and agency business of various integrated circuits.

2. Major lines of business and sales mix

Unit: NT\$ thousand

Major Product	2023	
	Sales Value	Percentage (%)
Integrated Circuit Design Products	16,169,905	96.69%
Others	552,986	3.31%
Total	16,722,891	100.00%

Note: "Others" refer to other products purchased on behalf of the customers.

3. New products planned for development

- (1) AIoT integrated touch display driver ICs (TDDI).
- (2) Integrated touch display driver ICs (TDDI) for wearable/translation device markets.
- (3) Developing large-sized smart home touch display driver ICs (TDDI).
- (4) EV energy-saving display driver ICs, integrated touch and display driver ICs (TDDI).
- (5) Ambient light RGB and proximity sensor chips for long wavelength 3-in-1 OLED screens.
- (6) Ambient light sensor and environmental light source flicker sensor chips.
- (7) A new generation of miniaturized atmospheric pressure sensor chips for altitude positioning and navigation in smartphones and drones.

(II) Industry overview

In recent years, the industry has undergone a shift in applications. Nowadays, ecological systems are integrated cross-domain through system standards, allowing data to be seamlessly connected across various scenarios, resulting in a better user experience. The integration of artificial intelligence with sensing chips, automotive technology, AIoT, and industrial devices is an emerging trend in the future, which has also driven the technology development of micro-sensor chips and DDI. Obtaining advantages in green technology of zero-capacitor, Sitronix applies it in various product lines. With the ongoing development of new products for sensor chips, Sitronix will follow the trend to meet the needs of artificial intelligence handheld devices and smart home appliances, working towards the future.

1. The current status and development of the industry

Diversified electronic product applications of Sitronix cover multiple markets and customer groups: display driver ICs (DDIs) have the largest revenue share, and their applications cover Artificial Intelligence Internet of Things (AIoT), industrial, and automotive categories; the second largest revenue share is in the sensor chips business, which includes optical sensor chips and microelectromechanical system (MEMS) and capacitive sensor chips. Other businesses that are under development include microcontroller MCU and power management IC.

The following is an overview of the development of Sitronix's main products in the industry:

I. DDI related to the application of Artificial Intelligence of Things (AIoT)

The AIoT and smart applications have penetrated individuals, families, and society, driving products from no screen to screen, and from small to medium-sized screens. Sitronix has successfully introduced various applications and has also driven the long-term growth of DDI.

(a) Consumer electronic products: smartphones, wearable devices, etc.

Medical equipment: Driven by the trend of medical monitoring, the demand for medical supplies such as electronic thermometers, blood oximeters, and heart rhythm meters has increased, and the product trend has gradually shifted from no screen to small-sized screens, driving DDI demands.

Handheld and wearable devices: The touch gesture operation TDDI, blood oxygen change measurement DDI, feature phone DDI, navigation device TDDI, and high-end touch gesture TDDI for vehicle devices such as smartphones and watches (rings) are gradually becoming popular and diversified.

(b) Smart family: sharing devices

Smart speaker: A smart speaker that combines the Internet, allowing consumers to remotely monitor or control air conditioning, lighting, door locks, car parking locations, and remaining fuel levels. Sitronix Group actively supplies smart speaker sensor chips and screen display driver ICs (DDI) for major brands.

Smart home appliance ecosystem: Smart home applications include smart air conditioning, smart refrigerators, smart door locks, smart lighting control, security monitoring, electronic boilers, smart toothbrushes, and other applications.

II. Industrial Applications

Industrial includes smart factories and smart cities. Smart factories are used for DDI of business meetings, printing equipment, energy equipment, transportation equipment, security control, and other equipment.

The smart city network covers smart meters such as smart grids, smart water meters, and smart gas meters, with great potential for long-term demand. Sitronix is one of the main suppliers of smart meter screen DDI.

III. Smartphone sensor chips

The smartphone sensor chip is one of the key components of the smartphone. The sensor chip is mainly used to identify the direction, geographical location, atmospheric pressure, movement speed, environmental conditions, etc., bringing more functions and a better user experience to the smartphone. With the development of AI and IoT technology, the following are some future trends for smartphone sensor chips:

(a) Increase in a number of sensor chips:

More sensor chips are used to enhance the ability to detect surrounding environmental data, thereby achieving more application functions. Sitronix Group will continue to develop high-sensitivity optical and MEMS-based sensor chips to work with AI platforms, meet the needs of brand customers, and optimize the user experience.

(b) Improved sensor chip sensitivity and greater integration:

With the development of semiconductor and processor technology, the sensor chip has higher sensitivity and environmental tolerance, realizing more accurate data processing and more intelligent applications.

(c) The application scenarios of sensor chips are more extensive:

In addition to optical sensing such as brightness, ambient light and

proximity sensing, and flash frequency detection, smartphone sensor chips will also be extended to impact detection, health environment monitoring, biometrics, motion tracking, smart cars, smart homes, and other fields by combining MEMS products to measure gravity acceleration, spatial perception, electromagnetic wave sensing, noise reduction, pressure sensing, etc., and generate more applications through artificial intelligence interpretation.

Sensor chips will achieve more application scenarios and improve quality of life through artificial intelligence, with infinite potential. Sitronix Group provides a sensor chip product line spanning from low to medium to high levels, meeting the needs of various markets.

IV. Automotive Market

The number of automotive displays has significantly increased with the rapid development of intelligent vehicles, autonomous driving technology, and smart networking. They are not only used for displaying vehicle dynamic information, but also will become an important component of automotive intelligent systems. A large number of new car models around the world have introduced vehicle display screens for automotive entertainment and information systems, (two-wheel and four-wheel) digital dashboards, electronic rearview mirrors, navigation devices, smart display keys, air conditioning temperature control displays, rear seat entertainment system displays, wireless charger displays, head-up display (HUD), etc., ensuring the steady growth of DDI products for vehicles.

Automotive products generally need to pass high-standard testing specifications to meet the stringent environmental requirements of vehicles in high-temperature differences, high vibrations, water resistance, durability, and reliability. There is difficulty in obtaining the certification in the automotive market, but once it is certified, basically it can have a long-term stable order. Sitronix's automotive DDIs are highly trusted by our customers. Moving forward, the Company will continue to collaborate closely with major brands.

2. The relevance among the upstream, midstream, and downstream of the industry

On the whole, the relationship between the upper, middle, and lower reaches of the semiconductor industry is as follows. It can be roughly divided into the upstream of IC design, the midstream of mask and wafer manufacturing, and the downstream of wafer testing and packaging. Sitronix is an IC design company in the upstream.

<u>Upstream</u>	<u>Midstream</u>	<u>Downstream</u>	<u>Application Users</u>
IC Design (Design House)	Mask and Wafer Manufacturing (Foundry)	Package and Testing	Brand Manufacturers Communication manufacturers Computer developer

3. Product development trend

a. Zero capacitor technology

The zero capacitor technology used by Sitronix is ahead of the market, and the R&D team is continuing to push this product feature and competitive advantage into the medium to high-resolution display driver ICs, enabling Sitronix to maintain the lead of the industry continuously in terms of specifications and raising the technological threshold to ensure product advantages.

b. Medium-size vehicle panel driver ICs

In recent years, Sitronix has strengthened its development of medium-size vehicle panel driver ICs and continues to attract frontline brand customers. The intelligent revolution in automobiles is expected to gradually increase the market share of automotive display driver ICs.

c. Sensor chip

The optical and MEMS-based sensor chips developed by SENSORTEK, a subsidiary of Sitronix, continue to innovate and are recognized by customers as a major supplier to the Android platform for mid to high-end smartphones.

4. Industrial competition

Product	Partial Peers	Product Technology Difference and Market Position Analysis
LCD Driver IC (Mono)	Ultrachip Epson	<p>A. Product Technology Difference: Sitronix has a number of technical patents, high specification coverage, and various competitive advantages.</p> <p>B. Market Position Analysis: Sitronix is the market leader in monochromatic display driver IC. Sitronix provides customers with various specifications according to the needs of client applications, color differentiation, and resolution, and is one of the few manufacturers that can provide one-stop services on a large scale.</p>
LCD Driver IC (Color)	Novatek Himax Ilitek Focaltech Gcoreinc New Vision	<p>A. Product Technology Difference: Innovative patented circuit design to provide the best quality to customers.</p> <p>B. Market Position Analysis: Sitronix is the current market leader in display drive IC for feature phones. And in the smartphone display driver IC market, we still have a lot of room for growth. Sitronix will continue to improve its competitive advantage through product differentiation.</p>
Touch Control IC	Synaptics Goodix Focaltech	<p>A. Product Technology Difference: The anti-noise technology of Sitronix can effectively resist interference sources, such as chargers, LCM, etc.</p> <p>B. Market Position Analysis: Sitronix is a new entrant in the touch control market and has a lot of room for growth.</p>

Product	Partial Peers	Product Technology Difference and Market Position Analysis
Sensor chip	AMS Bosch	<p>A. Product Technology Difference: Sensortek, a subsidiary of Sitronix Group, is a leading supplier of optical sensing chips and MEMS-based sensing chips. Sensortek has developed a series of sensing product lines with various specifications such as small slit, under display, high sensitivity, InP solution, and ambient light sensors to meet the needs of high-end to mid-end smartphone brand customers.</p> <p>B. Market Position Analysis: Sensortek, a subsidiary of Sitronix Group, is a global leader in optical sensing chips and MEMS-based sensor chips. Its light-sensing chips have long been equipped by top-tier brands worldwide. The advanced multi-axis gyroscopes, accelerometers, atmospheric pressure sensors, specific absorption rate (SAR), and flicker detection sensors in the smartphone application market are still new entrants and have room for growth.</p>
LCD Driver IC (Automotive)	Himax Novatek Radium	<p>A. Product Technology Difference: Forcelead Technology Corp. a subsidiary of Sitronix Group, is a leading company of automotive display driver ICs. Its product line crosses large, medium, and small-sized automotive displays, and its products comply with AEC-Q100 automotive safety qualification requirements.</p> <p>B. Market Position Analysis : Currently, the market share of the automotive display driver ICs of subsidiary Forcelead Technology Corp. is at a low base, about 4~5%, and there is still great potential to grow. Under the wave of smart cockpits, automotive displays are a crucial interface between humans and machines, and automotive display driver ICs have great potential for future growth.</p>

(III) Overview of technology and research and development

1. Research and development expenses that have been invested

Unit: NT\$ thousand

Year	2023	2022
R&D Expenses	2, 271, 280	2,502,919
As a Percentage of Operating Revenue in Current Fiscal Year	13%	14%

2. Technology and products that have been successfully developed

Year	Content of Technologies
1999	Established the SOC architecture based on W65C02.
2000	Completed the electronic dictionary chip with full integration, and set up the IP with a total of 16Mbit Mask ROM, 32Kbit SRAM, dual port SRAM, DMA, LCD controller, low voltage detector circuit, etc.
	Established the self-developed text LCD controller/ driver architecture; Researched and developed and improved the anti-static damage capability to an industrial level.
	Completed power-saving SOC chip with a standby current of fewer than three microamps.
2001	Completed the super power-saving (60 microamps) LCD controller/driver for mobile phones, with the output voltage variation of various display graphics less than 1%.
	Completed the built-in Chinese font LCD Controller.
	Designed high voltage (40V) related IP, e.g. Power hoist protection circuit, high voltage ESD protection circuit, Level shift circuit, etc.
2002	Electronic dictionary, LCD driver for electronic dictionary, LCD driver for mobile phone, LCD driver for PDA.
	Built-in power-saving OP and Booster circuit, which can greatly improve the display quality of the electronic dictionary and save 300 microamps.
	Built-in partial voltage capacitor and double voltage capacitor, saving external parts of the phones.
	Completed the LCD driver with HI FAS drive mode, saving 40% power compared with traditional circuits.
2003	Built 0.35μ design.
	Built DSP technology.
	Built Audio application technology.
	Built CSTN color technology.
	Started to build TFT color technology.
	Built shared pixels rendering color technology.
	Built color dithering color technology.
	Built white LED driver technology.
2004	Completed an electronic dictionary platform with USB and Flash reading interface.
	Completed the research and development of DSP voice chips.
	Completed 26XX series of educational toy products.
	Completed the research and development of 4K Color STN Driver, mass-produced and delivered.
	Completed the research and development of 65K Color STN Driver, mass-produced and delivered.
	Completed the product research and development of TFT LCD Driver for mobile phone.
2005	Completed a new generation architecture platform for electronic dictionaries.
	Established the technology of hardware and software for music players.
	Completed the research and development of the educational toy product line.
	Completed the CSTN Driver for the HIFAS architecture.

Year	Content of Technologies
	Introduced the TFT Mobile Driver for mass production.
	Built the technical capability of Large Panel Driver.
	Continued the cost reduction work of STN and CSTN products.
2006	Built VoIP control integrated circuit technology.
	Built the integrated circuit technology of the chip card reader with a USB interface.
	Built an 8-bit microprocessor development system based on a USB interface.
	Successfully introduced the green driver technology into STN and CSTN products.
	Successfully introduced TFT IC into MP4 and high-end mobile phone market and smoothly introduced it to mass production.
	Built a complete small and medium-sized TFT product line.
	Completed the development of automotive LCD Driver IC.
	Started the mass production of 6 bits 384 channels source driver for LCD monitors.
	Started the mass production of 256 channels gate driver for LCD monitors.
	Started the mass production of 6 bits 642 channels source driver for LCD monitors.
2007	Built an 8-bit and 32-bit digital photo frame system.
	USB interface single chip for wafer reader was recognized by international manufacturers and introduced for mass production.
	Established a complete and quick multimedia playback platform.
	Successfully introduced green driver technology into MSTN/CSTN and mass produced.
	Successfully introduced vehicle LCD Driver to mass production.
	Completed the new technology of crosstalk compensating circuit and introduced for mass production.
	Built the research and development technology of green driver TFT.
	Started the mass production of 6 bits 384/642 channels source driver for LCD monitors.
	Started the mass production of 256/300/350 channels gate driver for LCD monitors.
	Completed the verification of 6 bits 720/840 channels source driver for LCD monitors.
	Completed the verification of 8 bits source driver and 400 channels gate driver for LCD monitors.
	Completed the verification of 1200 channels source with 480/600 channels gate for AV monitors.
2008	Established a complete digital photo frame product system.
	Built a multi-functional personal karaoke player.
	Introduced the Palette Driver for mass production.
	Researched and developed the E-Paper driver ICs.
	Introduced the LCD driver IC for CABC & Dot Inversion TFT mobile phones.
	Started the mass production of 6 bits 642/720 channels source driver for LCD monitors.
	Started the mass production of 400 channels gate driver for LCD monitors.
	Completed the verification of 6 bits 960 channels source driver for LCD monitors.
	Completed the verification of 88 bits source driver for LCD TV.
	Started the mass production of 1200 channels source driver and 600 channels gate driver for low-price notebook panels and completed the verification of 480 channels gate driver.
	Completed the output of the source driver engineering sample of the 1200 channels built-in timing controller for digital photo frame panels.
2009	Personal portable Karaoke Audio Player product.
	Completed the design of speech book system and development of software.
	Developed the TFT LCD drive single-chip green driver technology for mobile phones.
	Started the mass production of small-size TFT LCD driver single-chip built-in capacitor technology.
	Started the mass production of small-size TFT LCD driver single-chip built-in backlight power-saving technology.
	Started the mass production of mini-LVDS 6-bit 960 channels COF driver for LCD monitors.
	Started the mass production of RSDS 6-bit 960 channels COF driver for LCD monitors.
	Completed the verification of mini-LVDS 6-bit 1026 channels COF driver for LCD monitors.

Year	Content of Technologies
	Completed the verification of mini-LVDS 768 channels COG source driver for the Netbook panel.
	Completed the verification 800 ch and 600 ch COG gate drivers supporting Dual gate architecture for the Netbook panel.
	Completed the output of the source driver of 1200 Channels built-in Timing controller for digital photo frame panels.
2010	A new generation of multi-functional control chips and processing platforms.
	Portable music singing solution.
	Audio and sound control platform.
	The program of 32-bit processor is applied in the learning machine market.
	A new generation of 32-bit processor chips.
	The controller chips for Apple accessories products.
	Expanded the driver ICs' built-in capacitor products for mobile phones.
	Built the small-size, medium, and high-resolution driver IC technology without capacitors.
	Researched and developed the small-size driver ICs of integrated circuits for reducing memory units.
	Built the driver ICs high-speed single-channel interface technology for mobile phones.
	Started the mass production of mini-LVDS 768 channels COG source driver for notebook panels.
	Completed the verification of the 960ch gate driver supporting Dual gate architecture for medium-size panels.
	Completed the verification of source drivers with 1200 channels built-in Timing Controller for automotive panels.
	Started the mass production of mini-LVDS 6 bits 1026 channels COF source drivers for LCD monitors.
	Started the mass production of Source/Gate drivers for industrial panels.
2011	Expanded the TFT LCD single-chip driver built-in capacitor products for mobile phones.
	Built the TFT LCD medium and high-resolution drive single-chip technology without capacitors for mobile phones.
	Built the driver single-chip high-speed single-channel interface technology for mobile phones.
	Introduced the new STN Driver IC for customer testing and successfully introduced it for mass production at the end of the year.
	Completed the research and development of TN Driver COG IC and introduced it to marketing promotion.
	Developed the medium-sized TFT 800*480 resolution 2 chip solution, high pin count gate driver, built-in timing generation circuit, driver IC supporting 1024*768 resolution, and arbitrary resolution timing generation circuit.
	Developed the driver IC built-in timing generation circuits, real 8-bit driver ICs, and temperature compensation circuits for automotive TFT panels.
	Started the mass production of multi-finger touch solutions for tablet computers.
	Passed the certification of Win7 10-finger touch Logo.
	Built the Single-layer ITO touch sensing technology.
	Started the mass production of a new generation of five-finger touch single-chip for smartphones.
	Launched a multi-finger touch single chip designed specifically for tablet computers.
	Completed the support of OGS (One Glass Solution) multi-finger touch technology.
2012	Built the multi-touch technology that is resistant to high noise of power adapters.
	Built the drive single-chip technology with small-size, TFT LCD, medium and high resolution, without capacitor.
	Developed the driver ICs with built-in timing generation circuits and power circuits.
	Developed the control chip for 3D glasses.
	Mono-STN green driver external power supply system.
2013	Developed the 1024*600 resolution 2 Chip solution.
	Built the technology of TFT LCD driver IC with a high-speed interface, high-speed SRAM, Line buffer for mobile phones.

Year	Content of Technologies
	HD720(800*1280) For LTPS LCD Driver.
	Built the small-size drive single-chip technology with TFT LCD, medium and high resolution without capacitor for feature phones.
	Developed the ES of PND 480x272 0C driver ICs.
	Researched and developed the STN DRIVER NEW BOOST SYSTEM WITH ZERO CAPS.
2014	2/4 direction gesture control proximity sensor.
	Small sensor hole proximity sensor.
	320*240 resolution STN display driver ICs for industrial instrument.
	480*272 resolution color TFT display driver ICs for Smart Home products.
	HVGA(480*320) Zero Cap a_Si TFT LCD driver IC.
	HD720(1280*800) a_Si TFT LCD driver IC.
	WVGA Burst Out DC/DC Converter for Zero Cap Driver IC.
	MIPI with 1.5G PbS Lane Speed.
	Touch IP for TDDI (Touch + display driver) Integrated IC.
2015	320*240 STN with LVDS display driver ICs for industrial instrument.
	800*480 STN display driver ICs for industrial instrument.
	1.5 m/m small-sensor-hole proximity sensors.
	1920*720 1440-channel TFT display driver ICs for automotive center stack/instrument cluster.
2016	Announced to launch the HD720 zero-capacity version.
	Announced to launch the FHD Zero capacitor version.
2017	Started the mass production of automotive touch controller.
	Launched the upgraded version of the proximity sensor.
2018	Launched the low-power consumption industrial DDI products.
	Launched the micro-gap proximity sensor and under-screen proximity sensor.
2019	Launched the upgraded version of proximity and ambient light sensors.
	Launched the advanced driver ICs for industrial displays.
	Launched the driver IC for wearable display.
2020	Launched the RGB + Flicker sensor for mobile phones and cameras.
	Launched the driver IC for AMOLED wearable display.
	Launched the driver IC for PMOLED industrial display.
2021	High sensitivity slit-type light sensor.
	TFT display driver ICs with QSPI interface for wearable devices.
	MCU-based generator voltage regulator control chip for automobiles.
	Capacitive touch control IC for advanced wearable devices.
	HD TFT integrated display driver and capacitive touch control IC.
2022	Display driver ICs for smart meters.
	Ultra low power consumption industrial display driver ICs.
	Second generation of 7" STN display driver ICs for industrial instrument.
	360x390 display driver ICs with RAM TFT for wearable devices.
	400x400 AMOLED display driver IC for wearable devices.
	High-sensitivity under-screen InP distance sensor and light sensor.
2023	Pressure sensor for height detection.
	Ultimate borderless touch and display driver integrated IC for AIoT.
	560*560 ultra-high resolution touch and display driver integrated IC for wearable device.
	High-brightness PMOLED display driver IC designed for industrial. It also includes a 5-inch panel STN display driver IC.
	Display driver IC with automotive enhanced EMI/ESD solution.

Year	Content of Technologies
	Display supports VESA DSC and a high/dynamic frame rate for Full HD TFT.
	Integrated a multi-channel ambient light (UV+ALS+RGB) sensor with a flicker sensing chip.
	Atmospheric pressure sensor chip with a waterproof feature.

(IV) Long-term and short-term business development plans

(1) Short-term business development plans

① Marketing Strategy:

Constantly adjust the organization to meet the needs of market demands and expand business channels, systematize our processes, manage key brand customers, enhance cooperation with potential module manufacturers, and maintain our market share in the display driver ICs market.

② Production Strategy:

Strengthen the engagement and development of cooperation with domestic and foreign foundries, packaging plants, test plant, and other outsourcing manufacturers, to enhance and stabilize the supply source and flexibility. Actively establishing and grasping the supply chain's immediate production schedule and quantity.

③ Product Strategy:

Sitronix will continue developing new products for specialized applications to meet specific needs and target niche markets. Furthermore, we will expedite product updates to address emerging market demands. Additionally, we will actively explore new markets to ensure our products deliver value to end customers and establish ourselves as a critical partner in their product development journey.

(2) Long-term business development plans

① Continuously expand product application and establish a complete sales base. Cooperating with the international development strategy to enhance the international brand customers and market awareness.

② Develop new processes and technologies with supply chain and foundry to decrease risks.

③ Fully grasp the market impulse, develop towards the high profit, high growth niche products, and continue to invest in R&D, master the key technology and aim for maximum profit.

④ Provide a complete analysis of the growth and market development of the Company, and conduct comprehensive financial planning and regular audits accordingly, in order to reduce operational risks and enhance the competitiveness.

- ⑤ Adhere to the concept of sustainable management, establish an outstanding corporate culture, and continue the direction of short-term development plan to respond to the future growth.

II. Overview of Market and Production and Marketing

(I) Market Analysis

1. Sales area of major products

Unit: NT\$ thousand

Sales Area	2022		2023	
	Amount	Percentage (%)	Amount	Percentage (%)
Taiwan	1,001,199	5.55	880,864	5.27
Hong Kong and Others	17,026,628	94.45	15,842,027	94.73
Total	18,027,827	100.00	16,722,891	100.00

2. Market share

At present, Sitronix's main product sectors include small-size display driver ICs, smart device sensor chips (proximity detection, ambient light, flicker detection, accelerometer, atmospheric pressure, specific absorption rate, and advanced gyroscope), etc. Sitronix is the market leader in small- and medium-sized display driver ICs, with wearable devices and feature phones having a global market share of more than 50%. We are also the world's leading supplier of proximity sensor chips for smartphones of Android platforms. Our existing products have a stable market position and we are gradually increasing the market share of new products.

3. Future supply and demand and growth of the market

Display driver ICs and smartphone sensor chips will steadily grow with the trend of AI and IoT and gradually expand into new products, and are expected to drive stable growth in shipment volume.

4. Competitive niche

(1) Professional and solid management team

The Sitronix management team is experienced, rigorous in decision making, and has a long-term stable operating strategy. We master the key technology of products, constantly invest in new product research and development, and work closely with upstream and downstream supply chains to maintain a favorable competitive advantage.

(2) Complete product portfolio

In terms of the display driver ICs (DDI), Sitronix offers a complete

product portfolio, varying from monochromatic TN and STN to color TFT & AMOLED, from low resolution to medium and high resolution.

In addition to DDI, Sitronix also provides touch control IC, MCU, power management IC, ambient light sensor chip, proximity sensor chip, ambient light flicker sensor chip, acceleration sensor chip, atmospheric pressure sensor chip, etc., with industrial applications in mobile phones, wearable devices, automotive devices, industrial, etc.

The advantages of product diversification include: (a) having a comprehensive product line to cater for various requirements from customers, thereby providing a one-stop shopping experience. (b) Reducing the risk of relying solely on a single product or single application. (c) Different industries experience distinct growth cycles and gross profit trends that can complement and balance each other.

(3) Maintaining good relationship with foundries

The Group has a long history of good cooperation with well-known foundries. In addition to fully grasping the timing of product production process, it also can ensure product quality and reduce costs. During the offseason, it can raise product allocation performance and reduce the cost of foundry, which can provide multiple competitiveness for the cost, quality and efficiency of our products.

5. Advantages and disadvantages for future development and response strategies

(1) Advantages

A. Sustainable growth of artificial intelligence application and automotive application

The rapid development of artificial intelligence applications and automotive applications has brought continuous growth to the demand for DDI and related sensor chips.

B. Number and size growth of panels

The demand for consumer electronics such as smartphones and wearable devices continues to grow, and the introduction of display screens in automotive, medical, industrial, and electronic paper displays (EPD) continues to become a trend. Moreover, the enlargement of panel size is also a trend. The larger the panel size, the more DDI is required. For example, when automotive panels gradually shift from less than six inches to seven to nine inches, or even more than nine inches, the enlargement of size also drives the growth of DDI demand.

C. Industrial structure of specialization

The semiconductor industry adopts the operation mode based on specialization, with IC design companies focusing on design. Manufacturing is outsourced to the foundries, testing, and package partners. Therefore, in the dynamic industrial environment, IC design companies can focus on upgrading existing products or planning new product creations.

(2) Disadvantages and Response Strategies

A. The function of display driver ICs becomes complex

The design of display driver ICs has increased its complexity with the evolution of panel technology. The design for different panel types, such as LCD and OLED, also needs to evolve.

Response Strategies

- With a clear market positioning, Sitronix will continue to enhance its product portfolio, engage with customers, oversee global trends, and provide advanced technology to meet market needs and reduce operation risks.

B. Product prices are under downward pressure

The pricing of consumer electronic product lines is generally affected by supply and demand factors. To sustain profitability, outstanding display driver IC players strive to control costs and develop unique product features to mitigate pricing competition.

Response Strategies

- (1) Continuously invest in R&D, create differentiated products, establish technical barriers and maintain a high market share to increase the gap from competitors.
- (2) Diversify product portfolios and develop selective products with a higher gross margin in competition, such as applications of industrial and automotive, etc.
- (3) Continuously and rigorously manage the upstream and downstream industrial chain to control product cost.
- (4) Continuously improve production process and design, increase grain output per wafer, and strategically adjust inventory during the off-season.
- (5) Enhance customer service and explore new market opportunities to maintain the Company's competitive advantage.

- C. The market product changes rapidly and the product life cycle becomes shorter
- The rapid progress of semiconductor technology, the increased demand for product functions and the peers' successively development on new products have accelerated the pace of replacement.

Response Strategies

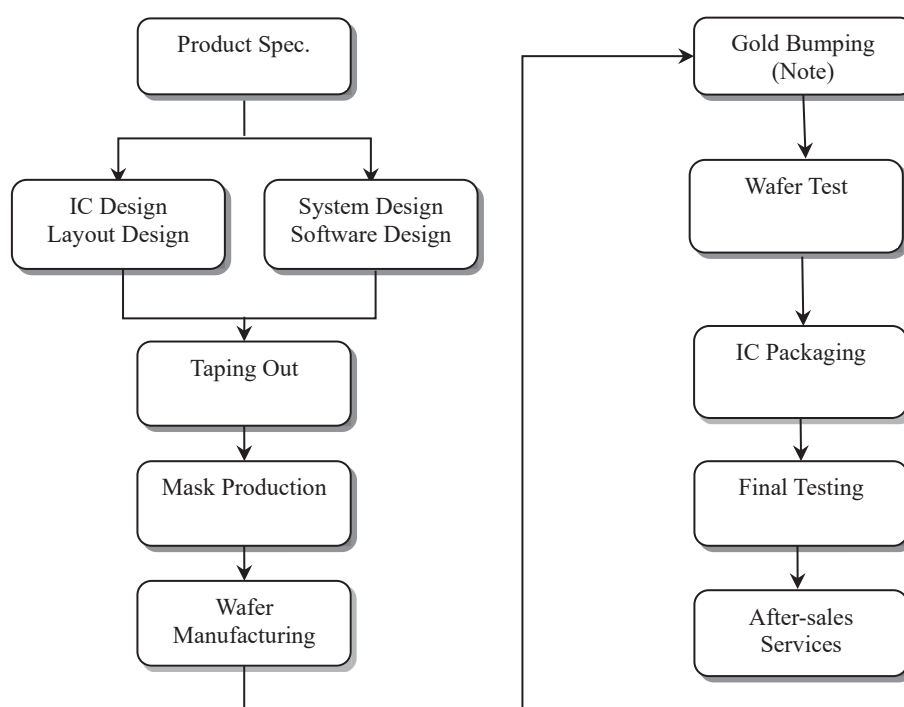
- (1) Continuing to expand new applications and developing new niche products to respond to rapid market changes.
- (2) Strengthen product planning, sustain the leading position in product R&D through accumulated design experience, widen the technological gap and quality difference with competitors, and get rid of the price competition.
- (3) Continuing to maintain a good cooperative relationship with the upstream wafer foundries and downstream packaging and testing partners to optimize the delivery schedule.

(II) Important applications and manufacturing processes of main products

1. Important applications of main products

- (a) AIoT applications: Display driver ICs for consumer electronics, wearable devices, feature phones, smartphones, and office devices, etc.
- (b) Industrial products: Display panel driver ICs for POS machines, office printers, and meeting conference equipment.
- (c) Sensor chips: Proximity, ambient light, flicker, accelerometer, atmospheric pressure, specific absorption rate, and advanced gyroscope sensor chips for mid to high-end smartphones and wearable devices.
- (d) Automotive: Driver ICs for automotive OEM and after-market.
- (e) Touch control ICs for wearable devices, industrial and automotive applications.

2. Manufacturing processes of main products



Note: The gold bumping process is subject to the requirements of products or customers

In the aforesaid process of grain production, Sitronix is responsible for the specification, IC design, system design, and after-sales services. The mask production, wafer manufacturing, gold bumping, wafer testing, IC packaging, and final testing are commissioned by professional manufacturers.

(III) Supply situation of major raw materials

The main raw materials of the Sitronix Group are wafers, which are mainly provided by Taiwan Semiconductor Manufacturing Co., Ltd. (TSMC) and Vanguard International Semiconductor Corporation. With the stable quality of their products and high cooperation on the capacity of supply and demand and delivery time, the Group has a good relationship with these two suppliers and has cooperated for a long time, thus there is no risk of a shortage of supply.

(IV) Names of customers who have accounted for more than 10% of the total amount of goods purchased (sold) in any of the most recent two years and the amount and proportion of the goods purchased (sold), and state the reasons for the increase or decrease

1. Information of major suppliers in the most recent two years

		2022			2023			Unit: NT\$ thousand	
Item	Name	Amount	As a Percentage of the Annual Net Purchases [%]	Relationship with the Issuer	Name	Amount	As a Percentage of the Annual Net Purchases [%]	Relationship with the Issuer	
1	Manufacturer A	3,693,324	44%	None	Manufacturer A	2,144,868	37%	None	
2	Manufacturer B	1,910,425	23%	None	Manufacturer C	1,284,609	22%	None	
3	Manufacturer C	880,592	11%	None	Manufacturer B	1,077,157	18%	None	
4	Others	1,880,112	22%	None	Others	1,365,530	23%	None	
Total	Net purchases	8,364,453	100%	None	Net purchases	5,872,164	100%	None	

Reasons for increase or decrease:

The main purchased products of Sitronix and its subsidiaries are wafers. As a result of the changes in the sales portfolio and the manufacturing process, there are some changes in the suppliers, amounts and proportions.

2. Information of major customers in the most recent two years

		2022			2023			Unit: NT\$ thousand	
Item	Name	Amount	As a Percentage of the Annual Net Sales [%]	Relationship with the Issuer	Name	Amount	As a Percentage of the Annual Net Sales [%]	Relationship with the Issuer	
1	Customer A	1,819,027	10%	None	Customer A	1,589,793	10%	None	
2	Others	16,208,800	90%	None	Others	15,133,098	90%	None	
Total	Net sales	18,027,827	100%	None	Net sales	16,722,891	100%	None	

Reasons for increase or decrease:

As a result of the changes in the sales portfolio and the market environment, the amounts and proportions of sales of major customers of Sitronix and its subsidiaries have changed.

(V) Table of production output for the most recent two years

Unit: NT\$ thousand/thousand pieces

Production Quantity Major Commodities	Year	2022			2023		
		Capacity	Yield	Output Value	Capacity	Yield	Output Value
Integrated Circuit Design Products		-	1,291,956	9,744,915	-	1,449,261	9,778,617
Others		-	-	279,664	-	-	312,722
Total		-	1,291,956	10,024,579	-	1,449,261	10,091,339

Note: The main products of Sitronix and its subsidiaries are IC design of integrated circuit, which are commissioned by semiconductor factory for manufacturing, and outsourced for testing, packaging and shipment. The Company itself does not have the production capacity, thus is not applicable.

(VI) Table of sales volume and value for the most recent two years

Unit: NT\$ thousand/thousand pieces

Sales Quantity Major Commodities	Year	2022				2023			
		Domestic Sales		Export Sales		Domestic Sales		Export Sales	
		Sales Volume	Sales Value	Sales Volume	Sales Value	Sales Volume	Sales Value	Sales Volume	Sales Value
Integrated Circuit Design Products		33,737	539,581	1,192,630	16,980,748	34,674	486,556	1,499,528	15,683,349
Others		-	461,618	-	45,880	-	394,308	-	158,678
Total		33,737	1,001,199	1,192,630	17,026,628	34,674	880,864	1,499,528	15,842,027

III. Employees

Year		2022	2023	The Current Fiscal Year up to March 31, 2024
Numbers of Employees	Management	212	224	239
	Professional	608	683	683
	Assistant	130	140	139
	Technician	132	149	151
Total		1,082	1,196	1,212
Average Age		39.01	38.72	38.74
Average Years of Services		6.75	6.48	6.44
Educational Ratio at All Levels	Doctor Degree	1.7%	1.6%	1.6%
	Master Degree	38.6%	39.8%	39.8%
	College Degree	54.2%	52.4%	52.6%
	High School	5.2%	5.9%	5.8%
	Below High School	0.3%	0.3%	0.2%
Total		100%	100%	100%

IV. Information on Environmental Protection Expenditure

Any Losses Suffered by the Company in the Most Recent Fiscal Year and up to the Annual Report Publication Date due to Environmental Pollution Incidents (Including Any Compensation Paid and Any Violations of Environmental Protection Laws or Regulations Found in Environmental Inspection, Specifying the Disposition Dates, Disposition Reference Numbers, the Articles of Law Violated, and the Content of the Dispositions), and Disclosing an Estimate of Possible Expenses that Could be Incurred Currently and in the Future and Measures Being or to be Taken. If a Reasonable Estimate Cannot be Made, an Explanation of the Facts of Why It Cannot be Made Shall be Provided: None.

V. Labor Relations

(I) Employee Benefits, Continuing Education, Training, Retirement Systems, and the Status of their Implementation, as Well as the Status of Agreements Between Labor and Management, and All Measures Aimed at Preserving the Rights and Interests of Employees.

1. Benefits from the Company:

Provides diverse and thoughtful benefits for employees, allowing them to devote

themselves wholeheartedly to their work without any worries. Moreover, it provides a variety of leisure and entertainment and rich club activities, enabling employees to balance work and life and always maintain full vitality. The Company provides employee benefits as follows:

- (1) Humanized management and a comfortable working environment.
- (2) Weekends off, flexible leave system.
- (3) Leave calculation method and engagement leave based on the Labor Standards Act.
- (4) Annual travel subsidies.
- (5) Employee parking subsidies.
- (6) Providing high-value group insurances, ensuring medical quality and household economy.
- (7) Regular free and comprehensive health check every year, benefiting employees' physical and mental health.
- (8) Festival gift certificates and bonuses; Birthday gift certificates; marriage and funeral subsidies.
- (9) Free afternoon tea and snacks are provided daily.
- (10) Organizing team-building activities occasionally.
- (11) Club activities and financial subsidies.
- (12) Comprehensive education and training system and subsidies.

In order to improve employees' relations, the Company holds various ball games, sports meetings, family days, parent-child days, life lectures and other activities to enhance the interaction and connection among the Company and employees, supervisors and colleagues. The Company also pays attention to employee health. In addition to facilities such as gyms and massage chairs, it also regularly organizes various health promotion activities every year to enhance employee health awareness.

2. Benefits from the Employee Welfare Committee:

The Company has established the Employee Welfare Committee according to regulations, and made allocations to the employee welfare funds on a monthly basis. The Employee Welfare Committee plans and organizes employees to take part in annual domestic and foreign tourism and various festival activities, and issues annual gift certificates.

3. Education and Training:

In order to improve the quality of human resources and meet the needs of the Company's future internationalization and enterprise operation and management, the Company has established Measures for the Administration of Education and Training and provides a complete on-the-job training system, increases on-the-job professional skills and management training, provides subsidies for training expenses, provides a complete training system for new employees to help them quickly integrate into the organizational

team, to meet the needs of personal development, enabling employees to enjoy a full range of growth environment and space.

4. Retirement System and Implementation:

In accordance with the provisions of the “Labor Pension Act”, the Company contributes 6% of the monthly salary as labor pension funds to individual labor pension accounts at the Bureau of Labor Insurance, Ministry of Labor (hereinafter “the Bureau”) for employees covered by the Act. Employees may voluntarily submit pension deposits within 6% of their monthly income from professional practice. The employee’s pension deposits voluntarily contributed by themselves may be deducted in full from his/her annual comprehensive income of the year. In 2023, the total annual employer contributions to the pension fund amounted to NT\$27,900 thousand.

In addition, if the employee meets the retirement eligibility stipulated in the “Labor Standards Act” and applies for retirement, the Company will, according to the previous standards, pay the pension equivalent to two months’ average wages for every full year of employment, pay the pension equivalent to one month’s average wages for every full year of employment to whom has seniority of more than 15 years, up to a maximum of 45 months. In accordance with the Labor Standards Act, the Company allocates 2% of the total salary of the employees as the pension fund, which is deposited in the special account of Bank of Taiwan in the name of the Supervisory Committee of Workers’ Retirement Reserve Fund. As of the end of 2023, the accumulated amount of the labor retirement reserve fund was NT\$67,203 thousand.

5. Agreements between Labor and Management:

The Company attaches great importance to labor relations, and has smooth communication channels so that both parties can get a common understanding to promote all work smoothly.

- (II) Any Losses Suffered by the Company in the Most Recent Fiscal Year and up to the Annual Report Publication Date due to Labor Disputes (Including Any Violations of the Labor Standards Act Found In Labor Inspection, Specifying the Disposition Dates, Disposition Reference Numbers, the Articles of Law Violated, the Substance of the Legal Violations, and the Content of the Dispositions), and Disclosing an Estimate of Possible Expenses that could be Incurred Currently and in the Future and Measures Being or to be Taken. If a Reasonable Estimate Cannot be Made, an Explanation of the Facts of Why It Cannot be Made Shall be Provided: None.

VI. Information and Communication Security Management

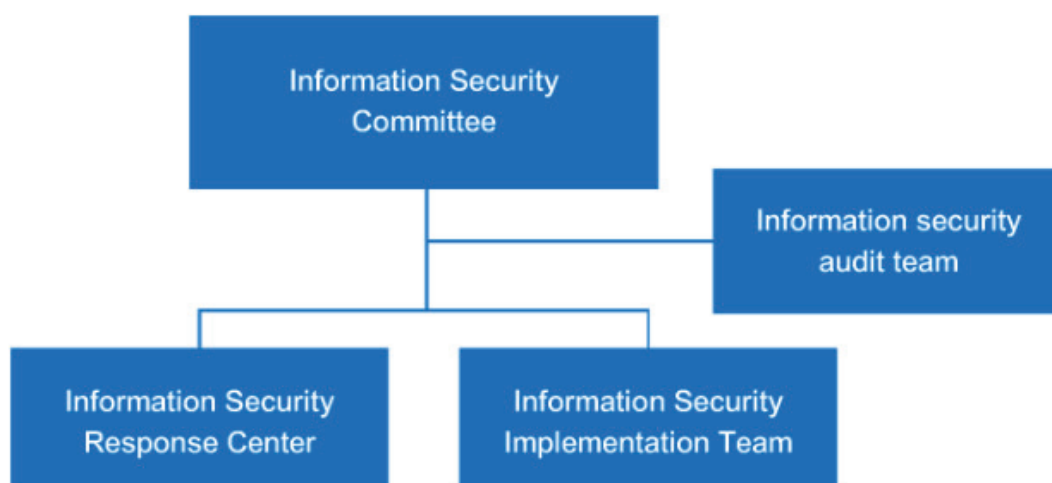
- (I) The risk management framework, policies, specific management solutions, and resources invested in information security management.

1. Information Security Risk Management Framework

The Company has implemented clear information security policies to fulfill its responsibilities in ensuring the robustness of the Company's information security management system. A management framework has been established within the organization to initiate and monitor the implementation of information security. A management task force involving the management executives has been established to approve information security policies, delegate information security management responsibilities, and facilitate the implementation of information security across the whole organization.

The Information Security Committee of the Company is convened by the CRO, under which an Information Security Response Center and an Information Security Implementation Team are established to manage, plan, oversee, and implement information security, reducing the risk of the Company's operations and information security. To fulfill the implementation of the Information Security Maintenance Program, the Information Security Audit Team was newly established in 2023. The Information Security Committee holds regular meetings annually to review and examine the implementation of the Company's information security management policy. The findings are then reported to the Board of Directors.

Information Security Organization Structure and Responsibilities :



(1) Information Security Committee:

The CRO shall act as the convener of the committee, and the Information Security Response Center and the Information Security Implementation Team

set under the committee are responsible for the implementation of resolutions related to the information security management system.

(2) Information Security Implementation Team:

The team is composed of the personnel assigned by the convener of the Information Security Committee that is responsible for planning and implementing various information security works.

(3) Information Security Response Center:

The Center is responsible for responding to unexpected information security events with corresponding solutions, as well as tracking collection and event identification. The “Risk Improvement Plan” shall be prepared, controlled, and tracked continuously until the improvement.

(4) Information Security Audit Team:

It shall be assigned by the Information Security Committee or assisted by a third party to evaluate the implementation of the information security management system.

2. Information Security Policies and Specific Management Program

In order to ensure the confidentiality, integrity, and availability of the Company’s information assets, and to comply with relevant regulations, we have implemented specific management measures. These measures aim to protect our assets from both internal and external threats, enhance the security and stability of our information and communication operations, provide reliable information services, and raise user awareness of information security, the detailed management measures are as follows:

Management Project	Implementation measures
Information Security Policy and Education Training	<ul style="list-style-type: none">• Develop information security policies and enhance colleagues' awareness of information security through information security promotion.
Network Security Management	<ul style="list-style-type: none">• Effectively manage the network environment and partition access control between internal and external network environments based on operational requirements and security levels.
System Access Control	<ul style="list-style-type: none">• Based on the business needs of colleagues, formulate system access

Management Project	Implementation measures
	<p>control policies, clearly define the access permissions of users and personnel, and properly control the recording process of changes for future reference.</p> <ul style="list-style-type: none"> The office is separated from the research and development environment, blocking the direct access channels for confidential and sensitive information, and keeping key information confidential.
Terminal Device Management	<ul style="list-style-type: none"> Information security management and control of servers, personal computers, other devices and other terminal devices, including software and hardware asset inventory, anti-virus, system Patch update, and sensitive data access control.
Data Protection	<ul style="list-style-type: none"> Regularly schedule data preservation backup, including electronic files, documents, mails, server operating environment, personal computers, and network equipment.
Information Security Incident Management	<ul style="list-style-type: none"> Outsource information system vulnerability scanning and fix bugs for vulnerabilities. Generate solutions for unexpected information security incidents, collect tracks, identify such incidents, reduce the likelihood of occurrence and decrease the impact on operations.

3. Resources of Invested Information Security Management

The Information Security Committee meets regularly every year to examine and review the implementation status. The last time it was reported to the Board of Directors was on November 2, 2023. The information security incident in 2023 did not affect operations or goodwill. In addition, the ISO 27001 International Information Security Management Certification was obtained in 2024.

Resources of Invested Information Security Management in 2023:

- (1) Carry out information & communication security education and training, and through information security publicity and social engineering drills, enhance the information security awareness of colleagues.
 - (2) The access to the network environment is effectively partitioned and controlled based on operational requirements and security levels.
 - (3) Terminal device information security control, including software and hardware asset inventory, endpoint protection software (anti-virus), and data leakage protection.
 - (4) Outsource information system vulnerability scanning and fix bugs for vulnerabilities.
 - (5) Regularly schedule data preservation backup, including electronic files, documents, mails, server operating environment, personal computers, and network equipment.
 - (6) The manpower investment of information security includes one information security supervisor and several information security personnel, responsible for information and communication security management, planning, supervision, and promotion of execution, as well as information and communication security incident response and investigation.
 - (7) The Information Security Committee holds regular meetings annually to review matters related to the information & communication security management of the Company and the implementation of the information & communication security policies. The findings are then reported to the Board of Directors.
- (II) Any Losses Suffered due to Material Information Security Incidents, Estimated Impact and Countermeasures, or the Reasons for Why the Impact Cannot be Reasonably Estimated, if any, in the most recent Fiscal Year or during the Current Fiscal Year up to the Date of Publication of the Annual Report shall be stated: None.

VII. Important Contracts: None.

Chapter 6 Financial Conditions

I. Condensed Balance Sheet and Comprehensive Income Statement of the Most Recent Five Fiscal Years

(I) Condensed Balance Sheet - adopting IFRSs

1. Consolidated Financial Statements

Unit: NT\$ thousand

Year Item		Financial Data for the Most Recent Five Fiscal Years (Note 2)				
		2019	2020	2021	2022	2023
Current assets		8,626,168	11,544,737	18,086,920	14,945,438	14,501,002
Property, Plant and Equipment		854,126	1,022,534	1,460,550	1,801,838	1,867,934
Intangible Assets		37,986	43,766	48,574	76,898	195,713
Other Assets		1,242,624	1,205,123	3,076,733	3,132,165	3,018,214
Total Assets		10,760,904	13,816,160	22,672,777	19,956,339	19,582,863
Current Liabilities	Before Distribution	3,845,836	4,195,622	6,978,570	4,696,956	4,565,465
	After Distribution	4,626,726	5,096,648	10,822,950	7,339,967	6,007,107 (Note 1)
Non-current Liabilities		309,376	341,461	497,140	493,511	422,386
Total Liabilities	Before Distribution	4,155,212	4,537,083	7,475,710	5,190,467	4,987,851
	After Distribution	4,936,102	5,438,109	11,320,090	7,833,478	6,429,493 (Note 1)
Equity Attributable to the Shareholders of the Parent		5,465,900	6,641,138	11,755,175	11,422,953	10,995,188
Share Capital		1,201,369	1,201,369	1,201,369	1,201,369	1,201,369
Capital Surplus		772,321	1,662,839	1,610,911	1,690,740	1,839,449
Retained Earnings	Before Distribution	3,569,736	3,966,033	9,080,141	8,868,615	8,086,767
	After Distribution	2,788,846	3,065,007	5,235,761	6,225,604	6,645,125 (Note 1)
Other Equities		(77,526)	(180,224)	(105,463)	(281,762)	(76,388)
Treasury Shares		-	(8,879)	(31,783)	(56,009)	(56,009)
Non-controlling Interest		1,139,792	2,637,939	3,441,892	3,342,919	3,599,824
Total Equity	Before Distribution	6,605,692	9,279,077	15,197,067	14,765,872	14,595,012
	After Distribution	5,824,802	8,378,051	11,352,687	12,122,861	13,153,370 (Note 1)

Note 1: The amount approved by Board of Directors on March 7, 2024.

Note 2: The financial data from 2019 to 2023 has been audited and certified by the CPAs.

(I) Condensed Balance Sheet - adopting IFRSs

2. Parent Company Only Financial Statements

Unit: NT\$ thousand

Year Item		Financial Data for the Most Recent Five Fiscal Years (Note 2, Note 3, and Note 4)				
		2019	2020	2021	2022	2023
Current assets		3,999,315	4,016,406	8,583,706	7,571,824	6,547,010
Property, Plant and Equipment		416,017	402,314	390,531	450,432	537,565
Intangible Assets		30,291	18,002	21,520	38,282	96,142
Other Assets		3,470,418	4,459,638	7,074,765	6,547,493	6,482,592
Total Assets		7,916,041	8,896,360	16,070,522	14,608,031	13,663,309
Current Liabilities	Before Distribution	2,348,613	2,148,548	4,110,676	2,931,361	2,507,102
	After Distribution	3,129,503	3,049,574	7,955,056	5,574,372	3,948,744 (Note 1)
Non-current Liabilities		101,528	106,674	204,671	253,717	161,019
Total Liabilities	Before Distribution	2,450,141	2,255,222	4,315,347	3,185,078	2,668,121
	After Distribution	3,231,031	3,156,248	8,159,727	5,828,089	4,109,763 (Note 1)
Equity Attributable to the Shareholders of the Parent		5,465,900	6,641,138	11,755,175	11,422,953	10,995,188
Share Capital		1,201,369	1,201,369	1,201,369	1,201,369	1,201,369
Capital Surplus		772,321	1,662,839	1,610,911	1,690,740	1,839,449
Retained Earnings	Before Distribution	3,569,736	3,966,033	9,080,141	8,868,615	8,086,767
	After Distribution	2,788,846	3,065,007	5,235,761	6,225,604	6,645,125 (Note 1)
Other Equities		(77,526)	(180,224)	(105,463)	(281,762)	(76,388)
Treasury Shares		-	(8,879)	(31,783)	(56,009)	(56,009)
Non-controlling Interest		-	-	-	-	-
Total Equity	Before Distribution	5,465,900	6,641,138	11,755,175	11,422,953	10,995,188
	After Distribution	4,685,010	5,740,112	7,910,795	8,779,942	9,553,546 (Note 1)

Note 1: The amount approved by Board of Directors on March 7, 2024.

Note 2: The financial data from 2019 to 2023 has been audited and certified by the CPAs.

Note 3: The financial data from 2019 has not been restated retrospectively.

Note 4: The financial data from 2020 to 2021 has been restated retrospectively on a pro forma basis.

(II) Condensed Comprehensive Income Statement - adopting IFRSs

1. Consolidated Financial Statements

Unit: NT\$ thousand

Item \ Year	Financial Data for the Most Recent Five Fiscal Years (Note 1)				
	2019	2020	2021	2022	2023
Net Revenue	13,802,738	13,804,562	22,255,670	18,027,827	16,722,891
Gross Profit	4,385,345	4,785,825	12,351,136	8,254,024	5,713,702
Income from Operations	2,086,426	2,383,048	8,156,897	4,742,524	2,503,555
Non-Operating Income and Expenses	116,996	140,578	196,875	363,954	337,010
Income before Income Tax	2,203,422	2,523,626	8,353,772	5,106,478	2,840,565
Income from Continuing Operations	1,938,157	2,164,113	7,073,018	4,230,703	2,416,544
Loss from Discontinuing Operations	-	-	-	-	-
Net Income (Loss)	1,938,157	2,164,113	7,073,018	4,230,703	2,416,544
Other Comprehensive Income (Net of Tax)	194,609	(194,887)	92,566	(160,266)	213,466
Total Comprehensive Income	2,132,766	1,969,226	7,165,584	4,070,437	2,630,010
Net Income Attributable to Shareholders of the Parent	1,230,588	1,384,818	6,005,760	3,610,165	1,858,341
Net Income Attributable to Non-controlling Interests	707,569	779,295	1,067,258	620,538	558,203
Total Comprehensive Income Attributable to Shareholders of the Parent	1,425,752	1,190,501	6,089,895	3,456,555	2,066,424
Total Comprehensive Income Attributable to Non-controlling Interests	707,014	778,725	1,075,689	613,882	563,586
Earnings Per Share	10.27	11.53	50.03	30.10	15.50

Note 1: The financial data from 2019 to 2023 has been audited and certified by the CPAs.

II Condensed Comprehensive Income Statement - adopting IFRSs

2. Parent Company Only Financial Statements

Unit: NT\$ thousand

Item \ Year	Financial Data for the Most Recent Five Fiscal Years (Note 1, Note 2, and Note 3)				
	2019	2020	2021	2022	2023
Net Revenue	8,306,120	6,796,970	12,570,005	11,589,599	10,322,545
Gross Profit	1,820,241	1,765,710	6,892,487	5,013,252	2,932,124
Income from Operations	375,051	531,114	4,456,843	2,981,715	1,247,395
Non-Operating Income and Expenses	917,431	975,600	2,229,326	1,190,080	820,725
Income before Income Tax	1,292,482	1,506,714	6,686,169	4,171,795	2,068,120
Income from Continuing Operations	1,230,588	1,384,818	6,005,760	3,610,165	1,858,341
Loss from Discontinuing Operations	-	-	-	-	-
Net Income (Loss)	1,230,588	1,384,818	6,005,760	3,610,165	1,858,341
Other Comprehensive Income (Net of Tax)	195,164	(194,317)	84,135	(153,610)	208,083
Total Comprehensive Income	1,425,752	1,190,501	6,089,895	3,456,555	2,066,424
Earnings Per Share	10.27	11.53	50.03	30.10	15.50

Note 1: The financial data from 2019 to 2023 has been audited and certified by the CPAs.

Note 2: The financial data from 2019 has not been restated retrospectively.

Note 3: The financial data from 2020 to 2021 has been restated retrospectively on a pro forma basis.

(III) Name of CPAs and Their Opinions for Most Recent Five Years

Year	Accounting Firm	Name of CPA	Auditor's Opinion
2019	Deloitte & Touche Taipei, Taiwan Republic of China	Cheng-Chih Lin, Yu-Feng Huang	Unqualified Opinion
2020	Deloitte & Touche Taipei, Taiwan Republic of China	Cheng-Chih Lin, Yu-Feng Huang	Unqualified Opinion
2021	Deloitte & Touche Taipei, Taiwan Republic of China	Cheng-Chih Lin, Yu-Feng Huang	Unqualified Opinion
2022	Deloitte & Touche Taipei, Taiwan Republic of China	Cheng-Chih Lin, Mei-Chen Tsai	Unqualified Opinion
2023	Deloitte & Touche Taipei, Taiwan Republic of China	Cheng-Chih Lin, Mei-Chen Tsai	Unqualified Opinion

II. Financial Analysis of the Most Recent Five Fiscal Years

(I) Financial Data adopting IFRSs

1. Consolidated Financial Statements

Item \ Year		Financial Analysis for the Most Recent Five Fiscal Years				
		2019	2020	2021	2022	2023
Financial Structure	Debt-To-Asset Ratio	38.61	32.83	32.97	26.00	25.47
	Long-Term Capital to Property, Plant and Equipment Ratio	809.60	940.85	1,074.54	846.87	803.95
Solvency	Current Ratio	224.29	275.16	259.17	318.19	317.62
	Quick Ratio	170.12	234.20	221.02	221.50	255.14
	Times Interest Earned	204.66	356.74	1,631.64	1,304.00	455.34
Operating Ability	Receivables Turnover (Times)	10.00	9.94	13.36	11.33	11.84
	Average Collection Days	36.50	36.72	27.32	32.21	30.82
	Inventory Turnover (Times)	4.73	5.22	4.95	2.85	3.11
	Payables Turnover (Times)	5.16	4.53	4.52	5.62	7.42
	Average Inventory Turnover Days	77.16	69.92	73.73	128.07	117.36
	Property, Plant and Equipment Turnover (Times)	16.58	14.71	17.92	11.05	9.11
	Total Asset Turnover (Times)	1.44	1.12	1.21	0.84	0.84
Profitability	Return on Assets (%)	20.35	17.65	38.79	19.86	12.24
	Return on Equity (%)	32.81	27.24	57.79	28.23	16.46
	Pre-tax Income to Paid-in Capital Ratio (%)	183.40	210.06	695.35	425.05	236.44
	Net Profit Margin (%)	14.04	15.67	31.78	23.46	14.45
	Earnings Per Share (NT\$)	10.27	11.53	50.03	30.10	15.50
Cash flow	Cash Flow Ratio (%)	88.52	72.49	120.67	32.36	94.14
	Cash Flow Adequacy Ratio (%)	134.79	159.58	219.48	131.22	135.72
	Cash Flow Reinvestment Ratio (%)	36.79	21.66	44.71	(14.13)	10.18
Leverage	Operating Leverage	2.01	1.93	1.50	1.69	2.18
	Financial Leverage	1.00	1.00	1.00	1.00	1.00
<p>Please state the reasons for the changes in financial ratio within the most recent two years: (exempt from analysis if the change is less than 20%)</p> <ol style="list-style-type: none"> 1. Solvency: The group's profits decreased in the 2023 fiscal year, and the rise in borrowing interest rates has caused an increase in bank interest expenses, resulting in a decrease in Times Interest Earned. 2. Operating Ability: The increase in payables turnover (times) was mainly due to the economic downturn experienced since the 2022 fiscal year., which led to a decline in customer demand and reduced purchases. Although there has been a recovery in demand since the second quarter of the 2023 fiscal year, the average cost of raw materials and processing fees paid to suppliers has continued to decrease. 3. Profitability: The overall decline in profitability is primarily attributed to the group's price reduction of certain products in 2023, leading to a decrease in both revenue and profit. 4. Cash Flow: The reduction in inventory has resulted in a higher net cash inflow from operating activities, leading to an increase in both the cash flow ratio and cash flow reinvestment ratio compared to the 2022 fiscal year. 5. Leverage: The decrease in the group's profits , resulting in the larger decrease in operating income compared to operating revenue in the 2023 fiscal year which leading to the operating leverage of the 2023 increased compared to the 2022. 						

(I) Financial Data adopting IFRSs

2. Parent Company Only Financial Statements

Item		Year	Financial Analysis for the Most Recent Five Fiscal Years (Note 1 and Note 2)				
			2019	2020	2021	2022	2023
Financial Structure	Debt-To-Asset Ratio		30.95	25.34	26.85	21.80	19.52
	Long-Term Capital to Property, Plant and Equipment Ratio		1,338.26	1,677.25	3,062.45	2,592.32	2,075.32
Solvency	Current Ratio		170.28	186.93	208.81	258.30	261.13
	Quick Ratio		122.95	147.95	186.86	180.43	221.54
	Times Interest Earned		162.70	352.54	2,922.00	2,890.05	766.40
Operating Ability	Receivables Turnover (Times)		9.08	8.64	13.36	12.57	13.62
	Average Collection Days		40.19	42.24	27.32	29.03	26.79
	Inventory Turnover (Times)		5.41	5.66	7.28	4.38	4.73
	Payables Turnover (Times)		5.14	4.28	4.57	6.00	8.13
	Average Inventory Turnover Days		67.46	64.48	50.13	83.33	77.16
	Property, Plant and Equipment Turnover (Times)		19.08	16.61	31.70	27.56	20.89
	Total Asset Turnover (Times)		1.11	0.80	1.00	0.75	0.73
Profitability	Return on Assets (%)		16.67	16.51	48.12	23.54	13.16
	Return on Equity (%)		24.18	22.87	65.29	31.15	16.57
	Pre-tax Income to Paid-in Capital Ratio (%)		107.58	125.41	556.54	347.25	172.14
	Net Profit Margin (%)		14.81	20.37	47.77	31.15	18.00
	Earnings Per Share (NT\$)		10.27	11.53	50.03	30.10	15.50
Cash flow	Cash Flow Ratio (%)		58.25	34.55	130.35	20.93	85.42
	Cash Flow Adequacy Ratio (%)		97.30	89.15	195.09	94.42	91.82
	Cash Flow Reinvestment Ratio (%)		12.53	(0.52)	35.61	(26.43)	(4.22)
Leverage	Operating Leverage		3.87	2.81	1.48	1.54	2.00
	Financial Leverage		1.02	1.00	1.00	1.00	1.00
Please state the reasons for the changes in financial ratio within the most recent two years: (exempt from analysis if the change is less than 20%)							
<ol style="list-style-type: none"> 1. Solvency: The decrease in the unit price of certain products in the fourth quarter of the 2022 year resulted in a good inventory turnover in the 2023 year, leading to a decrease in inventory compared to the previous year. Furthermore, the decrease in the unit price of some products and the increase in wafer unit cost resulted in a decline in net profit in the 2023 year, leading to a decrease in employee and director remuneration compared to the previous year. In summary, the quick ratio has increased while the interest coverage ratio has decreased. 2. Operating Ability: Regarding financial performance, the turnover rates of real estate, factories, and equipment have decreased compared to the same period last year due to a decline in revenue in 2023. However, the turnover rate of accounts payable has increased, primarily because of the higher average accounts payable balance in 2022 compared to 2023. This increase can be attributed to the delivery of goods in the first half of 2022, which was delayed due to a material shortage in 2021. Additionally, the number of purchases in 2023 decreased compared to 2022. 3. Profitability: As a result of the decline in revenue and profits in 2023, the profitability was lower than that of the same period in 2022. 4. Cash Flow: The reduction in inventory has resulted in a higher net cash inflow from operating activities, leading to an increase in both the cash flow ratio and cash reinvestment ratio compared to the 2022 fiscal year. 5. Leverage Aspect: The main reason for the decline in net revenue and operating profit in 2023 was the decrease in unit prices of certain products and the increase in wafer costs. This led to a greater decrease in operating profit compared to the decline in net revenue. In summary, the leverage of the 2023 operation increased compared to the 2022 operation. 							

Note 1: The financial data from 2019 has not been restated retrospectively.

Note 2: The financial data from 2020 to 2021 has been restated retrospectively on a pro forma basis.

The formula for calculating the financial ratio is as follows:

1. Financial Structure
 - (1) Debt-to-asset ratio = total liabilities / total assets.
 - (2) Long term capital to property, plant and equipment ratio = (total equity + non-current liabilities) / net property, plant and equipment.
2. Solvency
 - (1) Current ratio = current assets / current liabilities.
 - (2) Quick ratio = (current assets - inventory - prepaid expenses) / current liabilities.
 - (3) Times interest earned = Earnings before interest expense and taxes / Interest expense.
3. Operating Ability
 - (1) Receivables (including accounts receivable and notes receivable arising from business operations) = Net sales / average accounts receivables of each period (including accounts receivable and notes receivable arising from business operations).
 - (2) Average collection days = 365 / receivables turnover.
 - (3) Inventory turnover = cost of sales / average inventories.
 - (4) Payables (including accounts payable and notes payable arising from business operations) turnover ratio = cost of sales / average payables for each period (including accounts payable and notes payable arising from business operations).
 - (5) Average inventory turnover days = 365 / inventory turnover.
 - (6) Property, plant and equipment turnover = net sales / average net property, plant and equipment.
 - (7) Total asset turnover = net sales / average total assets.
4. Profitability
 - (1) Return on assets = [net income + interest expense x (1 – tax rate)] / average total assets.
 - (2) Return on equity = net income / average total equity.
 - (3) Net profit margin = net income / net sales.
 - (4) Earnings per share = (net income attributable to shareholders of the parent – preferred stock dividend) / weighted average number of shares outstanding.
5. Cash flow
 - (1) Cash flow ratio = net cash flow rising from operating activities / current liabilities.
 - (2) Net cash flow adequacy ratio = net cash flow rising from operating activities in the most recent five years / (capital expenditure + inventory increase + cash dividend) in the most recent five years.
 - (3) Cash reinvestment ratio = (net cash flow rising from operating activities – cash dividend) / (gross property, plant and equipment + long-term investment + other non-current assets + working capital).
6. Leverage
 - (1) Operating leverage = (net operating income – variable operating costs and expenses) / operating income.
 - (2) Financial leverage = operating profit / (operating profit – interest expense).

III. Audit Committee's Review Report for the Most Recent Annual Financial Report

Sitronix Technology Corp.

Audit Committee's Review Report

The Board of Directors has prepared the Company's business report, financial statements, and the earnings distribution proposal for 2023, in which the financial statements have been audited by Deloitte & Touche Taipei, Taiwan Republic of China with the audit report issued. The above business statement, financial statement, and earnings distribution proposal have been verified by the Audit Committee and deemed as appropriate and reported as above in accordance with the relevant provisions of the Securities Exchange Act and the Company Act for approval.

Sincerely,

2024 Regular Shareholders' Meeting of Sitronix Technology Corp.

Sitronix Technology Corp.

Convener of the Audit Committee: Cheng-Chieh Dai

March 7, 2024

IV. Consolidated Financial Statements of the Most Recent Year with Independent Auditors' Report and Notes

Please refer to Page 166~254 of the Annual Report.

V. Parent Company Only Financial Statements of the Most Recent Year with Independent Auditors' Report and Notes

Please refer to Page 255~329 of the Annual Report.

VI. If the Company or Its Affiliates have Experienced Financial Difficulties in the Most Recent Fiscal Year or During the Current Fiscal Year up to the Date of Publication of the Annual Report, the Annual Report shall Explain how Said Difficulties will Affect the Company's Financial Situation: None.

Chapter 7 Review, Analysis, and Risks of Financial Conditions and Performance

I. Review and Analysis of Financial Conditions

Unit: NT\$ thousand

Item \ Year	2023	2022	Differences		Remarks
			Amount	Ratio (%)	
Current assets	14,501,002	14,945,438	(444,436)	-3%	
Property, Plant and Equipment	1,867,934	1,801,838	66,096	4%	
Intangible Assets	195,713	76,898	118,815	155%	
Other Assets	3,018,214	3,132,165	(113,951)	-4%	
Total Assets	19,582,863	19,956,339	(373,476)	-2%	
Current Liabilities	4,565,465	4,696,956	(131,491)	-3%	
Non-current Liabilities	422,386	493,511	(71,125)	-14%	
Total Liabilities	4,987,851	5,190,467	(202,616)	-4%	
Share Capital	1,201,369	1,201,369	0	0%	
Capital Surplus	1,839,449	1,690,740	148,709	9%	
Retained Earnings	8,086,767	8,868,615	(781,848)	-9%	
Other Equities	(76,388)	(281,762)	205,374	73%	
Treasury Shares	(56,009)	(56,009)	0	0%	
Non-controlling Interest	3,599,824	3,342,919	256,905	8%	
Total Equity	14,595,012	14,765,872	(170,860)	-1%	
Explanation on the change of 20% or more in the current period over the previous period, and the amount of change up to NT\$10 million or more:					
1. Increase in Intangible Assets: This was mainly attributed to the acquisition of computer software by the Sitronix Group, as well as the increase in intangible assets resulting from the acquisition of new subsidiary company.					
2. Decrease in Other Equities: This was mainly due to the impact of changes in the unrealized valuation gains and losses from financial assets measured at fair value through other comprehensive income.					

Note: The financial position for the years 2023 and 2022 is presented with the consolidated financial data.

II. Review and Analysis of Financial Performance

Unit: NT\$ thousand

Item \ Year	2023	2022	Increase (Decrease) Amount	Changes Ratio (%)
Net Revenue	16,722,891	18,027,827	(1,304,936)	-7%
Gross Profit	5,713,702	8,254,024	(2,540,322)	-31%
Income from Operations	2,503,555	4,742,524	(2,238,969)	-47%
Non-Operating Income and Expenses	337,010	363,954	(26,944)	-7%
Income before Income Tax	2,840,565	5,106,478	(2,265,913)	-44%
Net Profit for the Current Period	2,416,544	4,230,703	(1,814,159)	-43%
Other Comprehensive Income (Net of Tax)	213,466	(160,266)	373,732	233%
Total Comprehensive Income	2,630,010	4,070,437	(1,440,427)	-35%
Net Income Attributable to Shareholders of the Parent	1,858,341	3,610,165	(1,751,824)	-49%
Net Income Attributable to Non-controlling Interests	558,203	620,538	(62,335)	-10%
Total Comprehensive Income Attributable to Shareholders of the Parent	2,066,424	3,456,555	(1,390,131)	-40%
Total Comprehensive Income Attributable to Non-controlling Interests	563,586	613,882	(50,296)	-8%
<p>1. Explanation on the change of 20% or more in the current period over the previous period, and the amount of change up to NT\$10 million or more:</p> <p>(1) Decrease in Gross Profit: This was due to the decrease in market demands and a reduction in certain product prices as the global semiconductor market entered an inventory adjustment stage beginning from 2022.</p> <p>(2) Decrease in Income from Operations: This was due to the decrease in revenue and gross profit and a slight decrease in operating expenses, resulting in decrease in overall operating profit.</p> <p>(3) Decrease in income before income tax, net profit for the current period, total comprehensive income period, net profit, and total comprehensive income attributable to shareholders of the parent: The primary reason is a decline in net revenue and gross profit.</p> <p>(4) Other Comprehensive Income (Net of Tax) This was due to the increase in the unrealized losses from financial assets measured at fair value through other comprehensive income.</p> <p>2. The sales volume forecast and the basis thereof, and the possible impacts on the Company's future financial operations and response plans: The sales volume forecast in the next year depends on the industrial boom and the changes in market supply and demand. The Company has been actively developing new products to prepare a complete product line and provide customer solutions for future growth and development.</p>				

Note: The financial position for the years 2023 and 2022 is presented with the consolidated financial data.

III. Review and Analysis of Cash Flow

(I) Changes in Cash Flow of the Current Year

Unit: NT\$ thousand

Beginning Cash Balance	Net Cash Flow From Operating Activities	Net Cash Flow from Investment and Financing	Exchange Influence	Cash Surplus (Deficit)	Remedial Measures for Cash Deficit	
					Investment Plan	Financial Plan
5,661,717	4,298,217	(4,446,220)	(14,372)	5,499,342	-	-

Analysis of changes:

1. Operating activities: net cash inflow generated from operating activities is mainly cash income from net revenue.
2. Investment activities and financing activities: mainly include continuing investments in the cost of masks and other equipments for the research and development of new products this year, purchasing property, plant and equipment, financial assets and bond investments, depositing the time deposits of more than 3 months and paying cash dividends.

(II) Remedial Measures for Cash Deficit and Liquidity Analysis: Not applicable.

(III) Cash Liquidity Analysis for the Coming Year:

Unit: NT\$ thousand

Beginning Cash Balance	Projected Net Cash Flow From Operating Activities Throughout The Year	Projected Net Cash Flow From Investment and Financing Activities Throughout The Year	Projected Cash Surplus (Deficit)	Remedial Measures for Projected Cash Deficit	
				Investment Plan	Financial Plan
5,499,342	4,467,919	(2,876,226)	7,091,035	-	-

Analysis of changes:

1. Operating activities: mainly include the projected continued growth of operating profit in 2024 and the active control of related expenses and losses and inventory turnover.
2. Investment activities and financing activities: mainly include projected activities such as continuous investments in the cost of masks and other types of equipment for the research and development of new products in 2024, purchase of property, plant, and equipment, financial assets investments, cash capital increase in subsidiaries and the payment of cash dividends.

IV. Impact of Any Major Capital Expenditures during the Most Recent Fiscal Year

(I) The Use and Funding Sources of Major Capital Expenditures: None.

(II) Projected benefits: None.

V. Reinvestment Policy for the Most Recent Fiscal Year, the Main Reasons for the Profits/Losses Generated thereby, the Plan for Improving Re-Investment Profitability, and Investment Plans for the Coming Year

The reinvestment policy of the Group is to focus on the core business, carry out investments in line with the business strategy, business expansion and long-term development, in order to increase operating revenue and profits. To conduct investment evaluation on the location, organization, shareholding ratio, financial condition and other aspects of the reinvestment in another enterprise as the basis for the reinvestment of the management; The Group also regularly evaluates the investment profit and loss status of the invested enterprises. In addition, the Company has enacted "Supervisory Measures for Subsidiaries" to supervise the operation status of the subsidiary company and set up an operation management mechanism in order to maximize the synergy of the Group.

The Company adopted the equity method to recognize the investment gains of NT\$630,613 thousand in the year 2023. Please refer to the "Parent Company Only Financial Statements of the Most Recent Year with Independent Auditors' Report and Notes" in "Chapter VI Financial Conditions" for the recognition of profit and loss.

The investment plan for the coming year will be evaluated separately according to the overall industrial situation and the Company's business needs.

VI. Risk matters and Assessment

(I) The Effect upon the Company's Profits (Losses) of Interest and Exchange Rate Fluctuations and Changes in the Inflation Rate, and Response Measures to be Taken in the Future

1. The Effect upon the Company's Profits (Losses) of Interest and Exchange Rate Fluctuations and Changes in the Inflation Rate

The Group mostly uses its own funds to support its operation needs, thus has low demand for bank loans. Any loans it made is based on the consideration of the risk hedging of exchange rate with modest amount, and the borrowing cost increase from rising interest rate will not have greatly impact on the Group.

The Group's purchases and sales are mainly in US dollars, thus some exchange risks have been automatically avoided. In view of the impact of dollar exchange rate fluctuations on the Company's profits and losses, forward foreign exchange contracts and dollar loans are mainly adopted, so as to lower the risk of exchange rate fluctuations.

There was no material impact on the Group's annual profit or loss due to inflation.

2. Response Measures to be Taken in the Future for the Effect of Interest and Exchange Rate Fluctuations and Changes in the Inflation Rate

In the future, the Group will continue to collect information on exchange rate fluctuations and pay attention to the global trend of favorable exchange rate, timely adjust foreign currency positions to reduce the impact of exchange rate fluctuations, and choose low-cost foreign exchange hedging instruments to avoid exchange rate risks according to the relevant regulations of the Company.

(II) The Company's Policy Regarding High-Risk Investments, Highly Leveraged Investments, Loans to Other Parties, Endorsements, Guarantees, and Derivatives Transactions; the Main Reasons for the Profits/Losses Generated thereby; and Response Measures to be Taken in the Future.

1. The Group is not engaged in high-risk and highly leveraged financial investments.
2. The Group has formulated "Operational Procedures for Loaning Funds to Others", "Operational Procedures for Endorsements/Guarantees" and "Handling Procedure to engage in the Transaction of Derivative Products", and the relevant operations are conducted in accordance with the above procedures.
3. The Company is engaged in the trading of derivative products, mainly for the purpose of risk hedging, or engaged in the trading financial products related to the Company's business operations, to ensure the Company's operating profit.

(III) Research and Development Work to be Carried out in the Future, and Further Expenditures Expected for Research and Development Work

Please refer to the description of "Chapter V Operations Overview - New Products (Services) Planned for Development" in this annual report for the research and development plan for this year. The R&D manpower and expenditure that the Group continues to invest in the coming year are estimated to account for approximately 10%~15% of the net revenue. The Group will carefully assess the market risks and expected investment returns before investing in various R&D expenses.

(IV) Effect on the Company's Financial Operations of Important Policies Adopted and Changes in the Legal Environment at Home and Abroad, and Measures to be Taken in Response

There is no material impact on the Company's financial operations from important policies adopted and changes in the legal environment at home and abroad. In the future, the Company will obtain relevant information from time to time and develop necessary countermeasures to meet the Company's operational needs.

(V) Effect on the Company's Financial Operations of Developments in Science and Technology (including Information Security Risks) as well as Industrial Change, and Measures to be Taken in Response

The IC industry is changing rapidly, as well as the technology advancing, which will affect the members of the industry to a certain extent. If the Company fails to timely adjust its strategy or launch competitive products in line with technology changes or industry changes, it may have a negative impact on the Company's financial business. In order to avoid adverse effects caused by changes in industry and technology, the Group always pays attention to and evaluates the possible impact of those changes, and proposes effective response strategies and develops products that meet market demand, so that the Group is able to timely launch competitive products, maintain and improve the Company's competitive strategy.

Based on the requirements of risk control, the Company adopts a complete set of control measures for information security, including policies, organizations, processes, software and hardware tools to meet the management requirements, And by planning, operation, supervision and continuous improvement measures, we can ensure to reduce improper threats so as to reduce management risk.

The Company has established information security measures for the protection of network and computer-related information to ensure the confidentiality, integrity and availability of the Company's information assets, comply with relevant laws and regulations, prevent the misuse, leakage, alteration and destruction of the Company's information systems and data, and ensure the appropriateness and effectiveness of its information security management procedures through ongoing inspection and evaluation. However, information security threats are changing rapidly. There is no guarantee that the company will not face new risks and attacks. It is possible that trade secrets and other confidential information, such as customer or other stakeholder information and employee personal information, could be stolen from a company as a result of a cyber attack.

The Company was attacked by future inadvertent purchases and installations of devices containing malware due to business needs. To prevent and reduce the damage caused by such attacks, the Company continues to improve and implement information security protection and management mechanisms, such as establishing a virus scanning mechanism to prevent machines containing malware from entering the company, strengthening the management and monitoring of network firewalls to prevent the spread of computer viruses in the enterprise, strengthening employees' awareness of information security through regular education and training, introducing new information technologies to enhance data protection, and commissioning external experts to evaluate and test information security. Although the Company continues to strengthen its information security measures, the Company is still unable to guarantee the protection from malware and hacker attacks.

(VI) Effect on the Company's Crisis Management of Changes in the Company's Corporate Image, and Measures to be Taken in Response

The Company is currently a public company with good reputation and business performance, and will continue to improve the product quality and service to maintain a good corporate image in the future, thus there is no effect on the Company's crisis management.

(VII) Expected Benefits and Possible Risks Associated with Any Merger and Acquisitions, and Mitigation Measures being or to be Taken

The Group has no plans for mergers or acquisitions.

(VIII) Expected Benefits and Possible Risks Associated with Any Plant Expansion, and Mitigation Measures being or to be Taken

The Group is an IC design company, with all manufacturing outsourced, thus it is not applicable.

(IX) Risks Associated with Any Consolidation of Sales or Purchasing Operations, and Mitigation Measures being or to be Taken

For a professional IC design company without wafer manufacturing plant, it is necessary to consider the capacity, equipment, quality yield, process technology and confidentiality to select a suitable foundry. Therefore, the consolidation of purchasing is the characteristics of domestic IC design industry. The Company has distributed the source of purchase to TSMC, VIS and Nexchip, and maintained a long-term stable cooperative relationship with the packaging and testing manufacturers to eliminate the risk of consolidation of purchasing.

In terms of sales, the Group's products are widely applied in multiple aspects, with two modes of sales counterparty: agents and manufacturers. The Group distinguishes different agents according to sales area and sales conditions, has dedicated application engineers to directly contact the end customers and provide technical services for the products sold through agents. Therefore, there is no risk of consolidation of sales based on calculation for end-customers.

(X) Effect upon and Risk to the Company in the Event a Major Quantity of Shares Belonging to a Director, Supervisor, or Shareholder Holding Greater than a 10 Percent Stake in the Company has been Transferred or has otherwise Changed Hands, and Mitigation Measures being or to be Taken: None.

(XI) Effect upon and Risk to Company Associated with Any Change in Governance Personnel or Top Management, and Mitigation Measures being or to be Taken: None.

(XII) Litigious and Non-Litigious Matters. List Major Litigious, Non-Litigious or Administrative Disputes That Involve the Company and/or Any Company Director, Any Company Supervisor, the General Manager, Any Person with Actual Responsibility for the

Firm, Any Major Shareholder Holding a Stake of Greater than 10 Percent, and/or Any Company or Companies Controlled by the Company; and Have Been Concluded by Means of a Final and Unappealable Judgment, or are still under Litigation. Where Such a Dispute Could Materially Affect Shareholders' Equity or the Prices of the Company's Securities, the Annual Report Shall Disclose the Facts of the Dispute, Amount of Money at Stake in the Dispute, the Date of Litigation Commencement, the Main Parties to the Dispute, and the Status of the Dispute as of the Date of Publication of the Annual Report.

As of the date of publication of the annual report, the Company did not incur any such matters.

(XIII)Other Important Risks, and Mitigation Measures being or to be Taken: None.

VII.Other Important Matters: None.

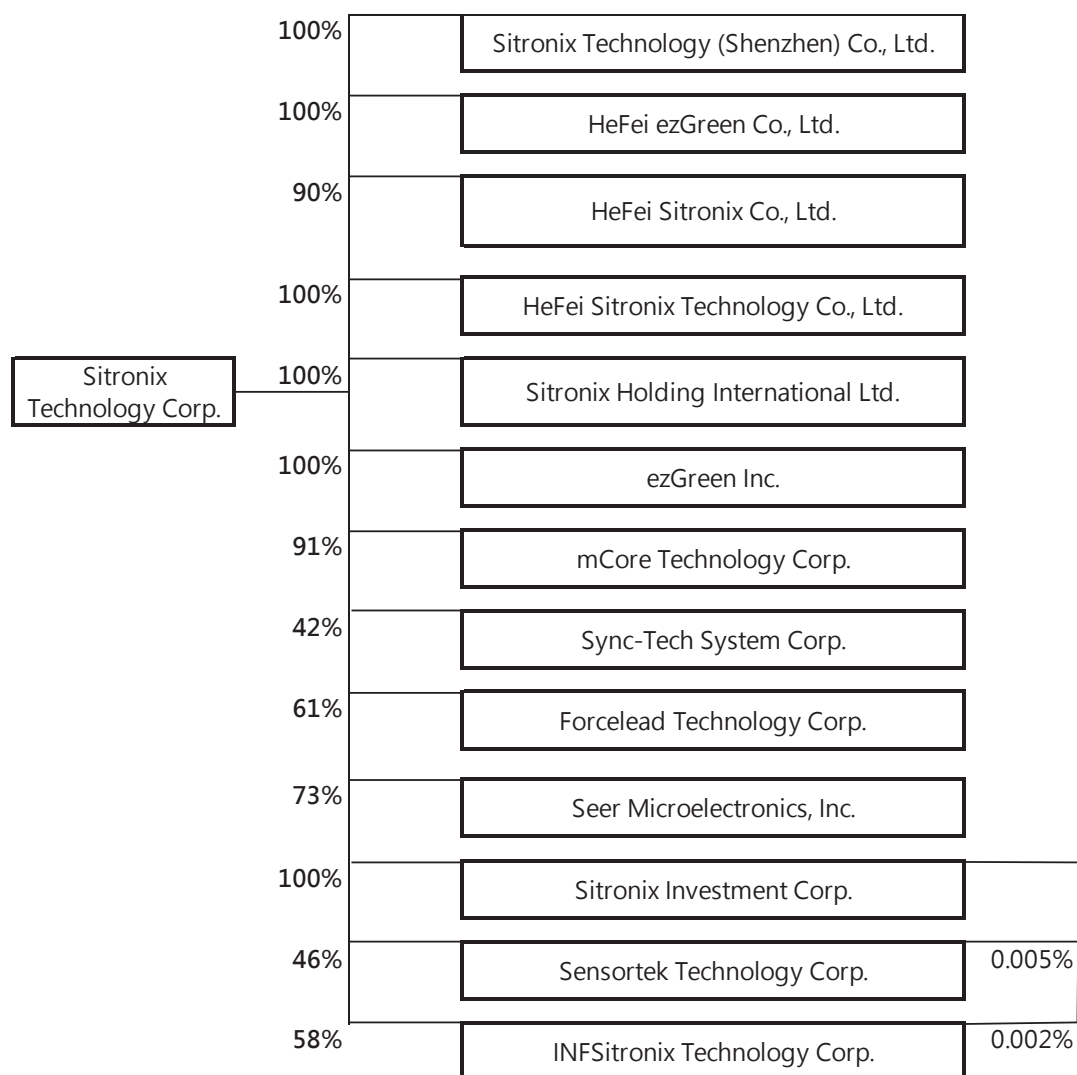
Chapter 8 Special Notes

I. Affiliates Information

(I) Consolidated Business Reports Covering Affiliated Enterprises

1. Overview of Affiliated Enterprises

(1) Organizational Chart of the Affiliates (December 31, 2023)



(2) Basic Information of Affiliates

Name of Affiliates	Date of Establishment	Place of Registration	Paid-in Capital (thousand)	Main Business Items
Sitronix Technology (Shenzhen) Co., Ltd.	2003.11.24	Shenzhen, Mainland China	US\$ 400	Computer software and hardware development, sales and after-sales service business and related technical consulting services

Name of Affiliates	Date of Establishment	Place of Registration	Paid-in Capital (thousand)	Main Business Items
HeFei ezGreen Co., Ltd.	2018.03.22	HeFei, Mainland China	RMB 10,000	Design, sales and technical services of Supplier management software development
HeFei Sitronix Co., Ltd.	2018.03.22	HeFei, Mainland China	RMB 50,000	R&D, design, sales and technical services of integrated circuits and system hardware and software
HeFei Sitronix Technology Co., Ltd.	2021.10.18	HeFei, Mainland China	RMB 35,000	R&D, design, sales and technical services of integrated circuits and system hardware and software
Sitronix Holding International Ltd.	2017.12.05	Samoa	US\$ 6,000	Investment
ezGreen Inc.	2019.01.17	New Taipei City, Taiwan	NT\$ 160,000	Software design and electronic information supply services
mCore Technology Corp.	2009.12.03	Hsinchu, Taiwan	NT\$ 105,627	Providing solutions for consumer display and voice/audio related applications.
Sync-Tech System Corp.	2014.02.06	Hsinchu, Taiwan	NT\$ 293,994	Design, manufacturing and maintenance of semiconductor consumables and testing equipment
Forcelead Technology Corp.	2009.12.11	Hsinchu, Taiwan	NT\$ 380,243	R&D design and sale of multi-functional integrated automotive display driver ICs
SeerMicroelectronics, Inc.	2020.02.07	Hsinchu, Taiwan	NT\$ 130,750	High performance sensor IC with single photon design and applications
Sitronix Investment Corp.	2012.12.21	Hsinchu, Taiwan	NT\$ 332,491	Investment
Sensortek Technology Corp.	2009.12.01	Hsinchu, Taiwan	NT\$ 489,126	R&D, design and sales of sensor integrated circuit products
INFSitronix Technology Corp.	2009.12.02	Hsinchu, Taiwan	NT\$ 167,690	Comprehensive line of Power supervisor IC design

(3) Where Companies Presumed to Have a Relationship of Control and Subordination under Article 369-3 of the Company Act: None.

(4) The Industries Covered by the Business Operated by the Affiliates Overall

Name of Affiliates	Main Business Items
Sitronix Technology(Shenzhen) Co., Ltd.	Computer software and hardware development, sales and after-sales service business and related technical consulting services

Name of Affiliates	Main Business Items
HeFei ezGreen Co., Ltd.	Design, sales and technical services of Supplier management software development
HeFei Sitronix Co., Ltd.	R&D, design, sales and technical services of integrated circuits and system hardware and software
HeFei Sitronix Technology Co., Ltd.	R&D and sale of integrated circuits; R&D, service and sales of integrated circuits chip
Sitronix Holding International Ltd.	Investment
ezGreen Inc.	Software design and electronic information supply services
mCore Technology Corp.	Providing solutions for consumer display and voice/audio related applications.
Sync-Tech System Corp.	Design, manufacturing and maintenance of semiconductor consumables and testing equipment
Forcelead Technology Corp.	R&D design and sale of multi-functional integrated automotive display driver ICs
Seer Microelectronics, Inc.	High performance sensor IC with single photon design and applications
Sitronix Investment Corp.	Investment
Sensortek Technology Corp.	R&D, design and sales of sensor integrated circuit products
INFSitronix Technology Corp.	Comprehensive line of Power supervisor IC design

(5) The Names of the Directors, Supervisors or General Managers of Each Affiliates, and their Shareholding or Capital Contribution in Such Affiliate

December 31, 2023

Name of Affiliates	Title	Name or Representative	Shareholding	
			Number of Shares (thousand share)	Shareholding Ratio
Sitronix Technology (Shenzhen) Co., Ltd.	Director	Sitronix Technology Corp. Representative: Meng Liu	Capital contribution -	100% -
HeFei ezGreen Co., Ltd.	Director	Sitronix Technology Corp. Representative: Ying-Lun Mao	Capital contribution	100%
HeFei Sitronix Co., Ltd.	Director	Sitronix Technology Corp.	Capital contribution	90%
	Director& General Manager	Representative: Ju-Hung Chen	-	-
	Supervisor	Representative: Chien-Yuan Chao	-	-
	Director	Representative: Te-Yun Chou Shenzhen Qianhai Zhisheng Investment Co., Ltd. Representative: Chang-Kai Wang	- Capital contribution -	- 8% -

Name of Affiliates	Title	Name or Representative	Shareholding	
			Number of Shares (thousand share)	Shareholding Ratio
HeFei Sitronix Technology Co., Ltd.	Director	Sitronix Technology Corp. Representative: Meng Liu	Capital contribution -	100% -
Sitronix Holding International Ltd.	Director	Sitronix Technology Corp. Representative: Vincent Mao	6,000 -	100% -
ezGreen Inc.	Director	Sitronix Technology Corp. Representative: Ying-Lun Mao	16,000 -	100% -
mCore Technology Corp.	Director	Sitronix Technology Corp. Representative: Vincent Mao	9,583 -	91% -
	Chairman & General Manager	Representative: I-Hsi Cheng	-	-
	Director	Representative: Ju-Hung Chen	-	-
	Supervisors	Shu-Fang Hsu	-	-
Sync-Tech System Corp.	Chairman&CEO	Ju-Hung Chen	907	3%
		Sitronix Technology Corp.	12,404	42%
	Director	Representative: Vincent Mao	233	1%
	Director & General Manager	Representative: Tsung-Jun Li	791	3%
	Director	Representative: Meng Liu	43	-
	Director	Te-Chang Yao	-	-
	Supervisors	Shu-Fang Hsu	4	-
	Supervisors	Shu-Hui Cheng	289	1%
Forcelead Technology Corp.	Chairman&CEO	Sitronix Technology Corp. Representative: Vincent Mao	23,198 307	61% 1%
	Director & General Manager	Representative: Cheng-Lung Chiang	184	1%
	Director	Representative: Chun-Sheng Lin	99	-
	Director	Kuan-Sheng Wang	-	-
	Independent	Tsai-Tien Hsu	-	-
	Director	Chu-Cheng Li	-	-
	Independent	Cheng-Chun Chen	-	-
	Director			
	Independent	Yu-Min Yang	-	-
	Director			
Seer Microelectronics, Inc.	Director	Sitronix Technology Corp. Representative: Vincent Mao	9,500 -	73% -
	Chairman&CEO	Representative: Tzu-Yi Yang	390	3%
	Director	Representative: Ming-Ching Kuo	390	3%
	Supervisors	Shu-Fang Hsu	-	-
Sitronix Investment Corp.	Chairman	Sitronix Technology Corp. Representative: Vincent Mao	33,249 -	100% -
	Director & General Manager	Representative: Min-Hui Chang	-	-
	Director	Representative: Shu-Fang Hsu	-	-
	Supervisors	Representative: Ju-Hung Chen	-	-

Name of Affiliates	Title	Name or Representative	Shareholding	
			Number of Shares (thousand share)	Shareholding Ratio
Sensortek Technology Corp.	Director	Sitronix Technology Corp.	22,530	46%
	Chairman&CEO	Representative: Vincent Mao	327	1%
	Director & General Manager	Representative: Sheng-Su Lee	174	-
	Independent Director	Representative: Jhu-Yuan Yang	11	-
	Independent Director	Jen-Chi Lu	-	-
	Independent Director	Chun-I Hsu	-	-
INFSitronix Technology Corp.	Independent Director	Shu-Chun Huang	-	-
	Director	Sitronix Technology Corp.	9,796	58%
	Chairman	Representative: Vincent Mao	316	2%
	Director& General Manager	Representative: Ju-Hung Chen	25	-
	Supervisors	Representative: Ruei-Siang Pan	40	-
	Supervisors	Shu-Fang Hsu	-	-
	Supervisors	Compal Electronics, Inc.	4,648	28%
	Director	Representative: Tsung-Pin Weng	186	1%
	Director	Representative: Cheng-Chiang Wang	-	-
	Supervisors	Chiu-Jui Wei	-	-

2. Operations Overview of Affiliates

December 31, 2023

Unit: NT\$ thousand except earnings per share in NT\$

Name of Affiliates (Note1)	Paid-in Capital	Total Assets	Total Liabilities	Net Value	Net Revenue	Operating Profit (Loss)	Profit after Tax for the Current Period	Earnings Per Share (after Tax)
Sitronix Technology (Shenzhen) Co., Ltd.	12,282	70,544	42,030	28,514	166,815	3,004	2,151	-
HeFei ezGreen Co., Ltd.	43,270	13,111	2,205	10,906	1,702	(9,765)	(9,438)	-
HeFei Sitronix Co., Ltd.	216,350	551,204	51,772	499,432	293,615	14,895	47,393	-
HeFei Sitronix Technology Co., Ltd.	151,445	147,722	8,418	139,304	-	(8,735)	(8,397)	-
Sitronix Holding International Ltd.	184,230	217,355	100	217,255	-	(140)	7,031	1.17
ezGreen Inc.	160,000	60,489	14,795	45,694	16,005	(28,987)	(23,847)	(1.49)
mCore Technology Corp.	105,627	165,539	41,633	123,906	169,350	10,090	9,581	0.91
Sync-Tech System Corp.	293,994	1,132,376	281,149	851,227	605,829	137,368	113,486	3.87
Forcelead Technology Corp.	380,243	2,350,981	676,474	1,674,507	2,656,536	494,882	436,894	11.74

Name of Affiliates (Note1)	Paid-in Capital	Total Assets	Total Liabilities	Net Value	Net Revenue	Operating Profit (Loss)	Profit after Tax for the Current Period	Earnings Per Share (after Tax)
Seer Microelectronics, Inc	130,750	88,266	8,882	79,384	3,341	(27,578)	(27,949)	(2.14)
Sitronix Investment Corp.	332,491	281,611	1,228	280,383	-	(4,491)	(4,441)	(0.13)
Sensortek Technology Corp.	489,126	6,061,895	1,577,537	4,484,358	4,542,817	657,874	675,516	13.81
INFSitronix Technology Corp.	167,690	139,496	49,848	89,648	169,946	(25,671)	(26,017)	(1.55)

Note 1: If an affiliate is a foreign company, the related number of assets, liabilities and profit and loss are shown in NT dollars exchanged at the exchange rate on the reporting date.

(II) Consolidated Financial Statements Covering Affiliated Enterprises

Please refer to "IV Consolidated Financial Statements of the Most Recent Year with Independent Auditors' Report and Notes" in "Chapter VI Financial Conditions" for the consolidated financial statements of the affiliated enterprises and refer to the Declaration in the subsequent page.

(III) Affiliation Reports

Not applicable.

II. Any Private Placement of Securities Carried out by the Company During the Most Recent Fiscal Year or During the Current Fiscal Year up to the Date of Publication of the Annual Report: None.

III. Holding or Disposal of Shares in the Company by the Company's Subsidiaries During the Most Recent Fiscal Year or During the Current Fiscal Year up to the Date of Publication of the Annual Report:

Unit: NT\$ thousand

Subsidiary name	Paid-in Capital	Source of Capital	Shareholding Ratio of the Company	Date of Acquisition or Disposal	Number of Shares and Amount Acquired (Note 1)	Number of Shares and Amount Disposed of (Note 2)	Returns on Investment (Note 3)	Number of Shares Held and Amount up to the Date of Publication of the Annual Report (Note 3)	Pledge	The Company's Endorsements/Guarantees to Subsidiary	The Company's Loaning of Funds to Subsidiary
Sensortek Technology Corp.	489,126	Private Capital	46.06%	The current fiscal year up to the date of publication of the annual report	-	-	-	Number of shares 606,000 shares Amount 167,256 (Note 4)	-	-	-

Note 1: "Amount" refers to the amount actually acquired or disposed of.

Note 2: The shareholding and disposing of shall be presented separately.

Note 3: Returns on investment refer to unrealized gains and losses as evaluated in accordance with IFRS9.

Note 4: The number of shares includes the number of shares purchased in the previous year.

IV. Other Matters that Require Additional Description: None.

V. Matters that Materially Affect Shareholders' Equity or the Price of the Company's Securities Specified in Article 36, Paragraph 3, Item 2 of Securities and Exchange Act, Occurred during the Most Recent Fiscal Year or during the Current Fiscal Year up to the Date of Publication of the Annual Report: None.

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The entities that are required to be included in the consolidated financial statements of affiliates of Sitronix Technology Corporation for the year ended December 31, 2023 under the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” are all the same as those included in the consolidated financial statements of parent and subsidiary companies prepared in conformity with International Financial Reporting Standard 10 “Consolidated Financial Statements”. In addition, the relevant information required to be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we did not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

Sitronix Technology Corporation

By

Vincent Mao
Chairman

March 7, 2024

INDEPENDENT AUDITORS' REPORT

The Board of Directors and the Shareholders
Sitronix Technology Corporation

Opinion

We have audited the accompanying consolidated financial statements of Sitronix Technology Corporation and its subsidiaries (the "Group"), which comprise the balance sheets as of December 31, 2023 and 2022, the related consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter of the Group's consolidated financial statements for the year ended December 31, 2023 is described as follows:

Recognition of sales revenue

The Group's main source of revenue comes from the sale of goods. For the year ended December 31, 2023, the revenue recognized was NT\$16,722,891 thousand, refer to Notes 4, 23 and 38 for information on the accounting policies of revenue recognition. Such revenue is recognized when the goods are transferred to the customer and the performance obligations are met. The revenue recognition process is that after receiving customers' orders

and checking the transaction conditions, the business unit creates a manufacturing notice in the system and enters into the production schedule after obtaining the approval from the supervisor. As soon as the production is completed, the production unit would issue packing lists and invoices from the system, then the Group would obtain a signed packing list or the bill of lading on sight from the shipping companies when those shipping companies pick up the goods, then the system would check the shipping-related information, to generate the sales details. The accounting officers would recognize sales revenue according to the sales details.

We have assessed that the customers of the Group whose revenue significantly changed in 2023 are subject to the risk of validity of revenue recognition. Therefore, in order to confirm the validity of the Group's revenue recognition, we performed the following audit procedures on the sales transactions of these customers:

1. We obtained an understanding of the internal controls over revenue recognition, evaluated the design of the key controls, determined that the controls were implemented and tested the operating effectiveness of the controls.
2. We sampled and inspected the existence of the original purchase orders existed for each sale and were appropriately approved.
3. We inspected product names and quantities on notifications of manufacturing, invoices and goods receipts. We also inspected and confirmed the amounts were consistent.
4. We inspected the reasonableness of the collection of accounts receivable and confirmed the collection amounts, and counterparties were consistent with the revenue recognized.

Other Matter

We have also audited the parent company only financial statements of Sitronix Technology Corporation as of and for the years ended December 31, 2023 and 2022 on which we have issued an unmodified opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Cheng-Chih Lin and Mei-Chen Tsai.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 7, 2024

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

The accompanying notes are an integral part of the consolidated financial statements.

SITRONIX TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
NET REVENUE (Notes 4, 23, 33 and 38)	\$ 16,722,891	100	\$ 18,027,827	100
OPERATING COSTS (Notes 4, 11, 24 and 35)	<u>11,009,189</u>	<u>66</u>	<u>9,773,803</u>	<u>54</u>
GROSS PROFIT	<u>5,713,702</u>	<u>34</u>	<u>8,254,024</u>	<u>46</u>
OPERATING EXPENSES (Notes 4, 10, 21, 24 and 33)				
Selling and marketing expenses	297,411	2	316,064	1
General and administrative expenses	642,369	4	694,860	4
Research and development expenses	2,271,280	13	2,502,919	14
Expected credit loss (gain)	<u>69</u>	<u>-</u>	<u>(1,004)</u>	<u>-</u>
Total operating expenses	<u>3,211,129</u>	<u>19</u>	<u>3,512,839</u>	<u>19</u>
OTHER OPERATING INCOME AND EXPENSES (Notes 24)	<u>982</u>	<u>-</u>	<u>1,339</u>	<u>-</u>
INCOME FROM OPERATIONS	<u>2,503,555</u>	<u>15</u>	<u>4,742,524</u>	<u>27</u>
NON-OPERATING INCOME AND EXPENSES (Notes 4, 24 and 33)				
Interest income	155,951	1	97,465	-
Other income	103,222	1	115,334	1
Other gains and losses	84,089	-	155,074	1
Finance costs	<u>(6,252)</u>	<u>-</u>	<u>(3,919)</u>	<u>-</u>
Total non-operating income and expenses	<u>337,010</u>	<u>2</u>	<u>363,954</u>	<u>2</u>
INCOME BEFORE INCOME TAX	2,840,565	17	5,106,478	29
INCOME TAX EXPENSE (Notes 4 and 25)	<u>424,021</u>	<u>2</u>	<u>875,775</u>	<u>5</u>
NET INCOME FOR THE YEAR	<u>2,416,544</u>	<u>15</u>	<u>4,230,703</u>	<u>24</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4, 21 and 22)				
Items that will not be reclassified subsequently to profit or loss				
Remeasurement of defined benefit plans	2,764	-	2,065	-
Unrealized (loss) gain on investments in equity instruments at fair value through other comprehensive income	216,087	1	(177,014)	(1)

(Continued)

SITRONIX TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translation of the financial statements of foreign operations	(\$ 12,875)	-	\$ 23,770	-
Unrealized (loss) gain on investments in debt instruments at fair value through other comprehensive income	<u>7,490</u>	<u>-</u>	<u>(9,087)</u>	<u>-</u>
Other comprehensive (loss) income for the year, net of income tax	<u>213,466</u>	<u>1</u>	<u>(160,266)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 2,630,010</u>	<u>16</u>	<u>\$ 4,070,437</u>	<u>23</u>
NET INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 1,858,341	11	\$ 3,610,165	20
Non-controlling interests	<u>558,203</u>	<u>3</u>	<u>620,538</u>	<u>3</u>
	<u>\$ 2,416,544</u>	<u>14</u>	<u>\$ 4,230,703</u>	<u>23</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 2,066,424	12	\$ 3,456,555	19
Non-controlling interests	<u>563,586</u>	<u>4</u>	<u>613,882</u>	<u>4</u>
	<u>\$ 2,630,010</u>	<u>16</u>	<u>\$ 4,070,437</u>	<u>23</u>
EARNINGS PER SHARE (Note 26)				
Basic	<u>\$ 15.50</u>		<u>\$ 30.10</u>	
Diluted	<u>\$ 15.39</u>		<u>\$ 29.57</u>	

The accompanying notes are an integral part of the consolidated financial statements.

(Concluded)

SITRONIX TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	Equity Attributable to Shareholders of the Company (Notes 4, 22 and 29)										Non-controlling Interests (Notes 12, 22, 28 and 29)	Total Equity
	Share Capital		Retained Earnings		Other Equity			Treasury Share	Total			
	Number of Shares (In Thousands)	Amount	Capital Surplus	Legal Reserve	Special reserve	Unappropriated Earnings	Exchange Differences on Translating the Financial Statements of Foreign Operations			Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income		
BALANCE AT JANUARY 1, 2022	120,137	\$ 1,201,369	\$ 1,610,911	\$ 1,200,307	\$ 180,223	\$ 7,699,611	\$ 14,086	\$ 91,377	\$ 31,783	\$ 11,755,175	\$ 3,441,892	\$ 15,197,067
Appropriation of 2021 earnings	-	-	-	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	-	601,513	-	(601,513)	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(3,844,380)	-	-	-	(3,844,380)	-	(3,844,380)
Special reserve	-	-	-	-	(74,759)	74,759	-	-	-	-	-	-
The Company's shares held by its subsidiary treated as treasury shares	-	-	-	-	-	-	-	-	(24,226)	(24,226)	(28,369)	(52,595)
Other changes in capital surplus	-	-	-	-	-	-	-	-	-	-	-	-
Adjustment of capital surplus due to dividends distributed to subsidiaries	-	-	6,456	-	-	-	-	-	-	6,456	7,561	14,017
Changes in percentage of ownership interests in subsidiaries	-	-	73,373	-	-	-	-	-	-	73,373	(73,373)	-
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	-	20,624	-	(20,624)	-	-	-	-
Net income for the year ended December 31, 2022	-	-	-	-	-	3,610,165	-	-	-	3,610,165	620,538	4,230,703
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	-	2,065	23,272	(178,947)	-	(153,610)	(6,656)	(160,266)
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	3,612,230	23,272	(178,947)	-	3,456,555	613,882	4,070,437
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	-	347,434	347,434
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(966,108)	(966,108)
BALANCE AT DECEMBER 31, 2022	120,137	1,201,369	1,690,740	1,801,820	105,464	6,961,331	9,186	(290,948)	(56,009)	11,422,953	3,342,919	14,765,872
Appropriation of 2022 earnings	-	-	-	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	-	363,285	-	(363,285)	-	-	-	-	-	-
Special reserve	-	-	-	(182,761)	182,761	(182,761)	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(2,643,011)	-	-	-	(2,643,011)	-	(2,643,011)
Other changes in capital surplus	-	-	6,141	-	-	-	-	-	-	6,141	7,191	13,332
Adjustment of capital surplus due to dividends distributed to subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-
Differences between consideration received and the carrying amount of subsidiaries' net assets during actual acquisitions or disposals	-	-	120,849	-	-	-	-	113	-	120,962	49,888	170,850
Changes in percentage of ownership interests in subsidiaries	-	-	21,719	-	-	-	-	-	-	21,719	(21,719)	-
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	-	58	-	(58)	-	-	-	-
Net income for the year ended December 31, 2023	-	-	-	-	-	1,858,341	-	-	-	1,858,341	558,203	2,416,544
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	-	2,764	(11,944)	217,263	-	208,083	5,383	213,466
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-	1,861,105	(11,944)	217,263	-	2,066,424	563,586	2,630,010
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	-	230,246	230,246
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(572,287)	(572,287)
BALANCE AT DECEMBER 31, 2023	120,137	\$ 1,201,369	\$ 1,839,449	\$ 2,165,105	\$ 288,225	\$ 5,633,437	\$ 2,758	\$ 73,630	\$ 56,009	\$ 10,995,188	\$ 3,599,824	\$ 14,595,012

The accompanying notes are an integral part of the consolidated financial statements.

SITRONIX TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 2,840,565	\$ 5,106,478
Adjustments for:		
Depreciation expense	372,085	355,839
Amortization expense	75,416	48,183
Expected credit loss recognized (reversed) on trade receivables	69	(1,004)
Net loss (gain) on fair value changes of financial assets designated as at fair value through profit or loss	(55,848)	7,349
Finance costs	6,252	3,919
Interest income	(155,951)	(97,465)
Dividend income	(32,389)	(43,858)
Compensation costs of share-based payments	7,671	70
Loss on disposal of property, plant and equipment	170	33
Gain on disposal of financial instruments	(7,180)	-
Write-down of inventories recognized (reversed)	(83,267)	285,708
Impairment loss recognized on prepayment for purchase	178,142	230,540
Unrealized net loss (gain) on foreign currency exchange	3,569	(182,911)
Other income	(5,202)	-
Gain on modification of lease agreements	(9)	(215)
Changes in operating assets and liabilities		
Notes receivable and trade receivables	(424,033)	723,769
Receivables from related parties	(313)	(754)
Other receivables	(5,249)	(6,198)
Inventories	1,839,531	(2,234,483)
Prepayments	(40,618)	79,933
Other current assets	(1,333)	945
Notes payable and trade payables	1,043,451	(1,484,301)
Other payables	(370,863)	38,900
Other payables to related parties	171	(28)
Other current liabilities	(36,108)	57,554
Net defined benefit liabilities	(2,272)	(4,821)
Accrued profit sharing bonus to employees' compensation and remuneration of directors	(148,279)	(203,403)
Cash generated from operations	4,998,178	2,679,779
Interest received	143,966	96,751
Interest paid	(6,205)	(3,838)
Income tax paid	(837,722)	(1,252,595)
Net cash generated from operating activities	<u>4,298,217</u>	<u>1,520,097</u>

(Continued)

SITRONIX TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	(\$ 222,296)	(\$ 261,334)
Disposal of financial assets at fair value through other comprehensive income	96,002	248,086
Purchase of financial assets measured at amortized cost	(4,928,236)	(3,479,338)
Proceeds from the return of principal of financial assets at amortized cost	4,211,435	5,041,169
Acquisitions of financial assets at fair value through profit or loss	(445,690)	(542,428)
Disposal of financial assets at fair value through profit or loss	425,471	617,232
Net cash flow from acquisition of subsidiaries	1,157	-
Acquisition of property, plant and equipment	(460,866)	(649,183)
Proceeds from disposal of property, plant and equipment	1,500	485
Increase in refundable deposits	(3,179)	(3,177)
Decrease in refundable deposits	121,564	60,006
Payment of intangible assets	(153,669)	(80,470)
Acquisition of investment properties	-	(67,996)
Dividends received	<u>32,151</u>	<u>43,858</u>
Net cash (used in) generated from investing activities	(<u>1,324,656</u>)	<u>926,910</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	800,918	659,582
Repayments of short-term borrowings	(838,963)	(697,017)
Repayment of bonds	(9,000)	-
Increase in guarantee deposits	37,750	109,079
Decrease in guarantee deposits	(95,791)	(110,189)
Repayment of the principal portion of lease liabilities	(49,924)	(47,210)
Cash dividends distributed	(2,629,679)	(3,830,363)
Payments for buy back of treasury shares	-	(52,595)
Dividends paid to non-controlling interests	(572,287)	(966,108)
Disposal of ownership interests in subsidiaries (without losing control)	170,850	-
Increase in non-controlling interests	63,000	58,000
Employee compensation issued in the form of stock that are not vested	<u>1,562</u>	<u>1,729</u>
Net cash used in financing activities	(<u>3,121,564</u>)	(<u>4,875,092</u>)
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	(<u>14,372</u>)	<u>159,294</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(162,375)	(2,268,791)

(Continued)

SITRONIX TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	<u>2023</u>	<u>2022</u>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>5,661,717</u>	<u>7,930,508</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 5,499,342</u>	<u>\$ 5,661,717</u>

The accompanying notes are an integral part of the consolidated financial statements.

(Concluded)

SITRONIX TECHNOLOGY CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Sitronix Technology Corporation (the “Company”) was incorporated in Taipei City, Taiwan (ROC) in July 1992 and commenced operations in the same year. The principal place of business is located in Tai Yuen Hi-Tech Industrial Park, Hsinchu County. The Company operates principally as a designer, manufacturer and supplier of integrated circuits (ICs) and memory chips and focuses on display driver ICs (DDIs) for entry-level mobile phones, industrial displays and automotive systems.

The Company’s shares have been listed on the Taiwan Stock Exchange (TWSE) since December 25, 2003.

In order to improve the Company’s overall operating performance and increase market competitiveness, the Company reorganized the Group’s structure, carried out a professional division of labor and coordinated the allocation of the Group’s resources. On March 18, 2021, according to the Business Mergers And Acquisitions Act and the Company Act, the Company’s board of directors resolved to spin off the automotive business division to the Company’s subsidiary, Forcelead Technology Corp., which issued new ordinary shares as consideration for the transfer. The spin-off completion date is June 1, 2021.

The consolidated financial statements are presented in the Company’s functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors and authorized for issue on March 7, 2024.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, “IFRS Accounting Standards”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the amendments to the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have material impact on the Group’s accounting policies.

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2024

New, Revised or Amended Standards and Interpretations	Effective Date Announced by IASB
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024 (Note 3)

Note 1: Unless stated otherwise, the IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective dates.

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

Note 3: The amendments provide some transition relief regarding disclosure requirements.

As of the date the consolidated financial statements were authorized for issue, the Group has assessed that the application of other standards and interpretations will not have a material impact on the Group's financial position and financial performance.

- c. The IFRS Accounting Standards issued by IASB but not yet endorsed and issued into effect by the FSC

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025(Note 2)

Note 1: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: The Group shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the Group recognizes any effect as an adjustment to the opening balance of retained earnings. When the Group uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustments to the cumulative amount of translation differences in equity.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES INFORMATION

- a. Statement of compliance

The accompanying consolidated financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRS Accounting Standards endorsed and issued into effect by the FSC.

- b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value, and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
 - 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
 - 3) Level 3 inputs are unobservable inputs for an asset or liability.
- c. Classification of current and non-current assets and liabilities

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period; and
- 3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e. its subsidiaries). Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the interests of the Group and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and any investment retained in the former subsidiary at its fair value at the date when control is lost and (ii) the assets (including any goodwill) and liabilities and any non-controlling interests of the former subsidiary at their carrying amounts at the date when control is lost. The Group accounts for all amounts recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

See Note 12 and Tables 7 and 8 for the detailed information of subsidiaries (including the percentages of ownership and main businesses).

e. Business combinations

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognized in profit or loss as they are incurred.

Goodwill is measured as the excess of the sum of the consideration transferred and the fair value of the acquirer's previously held equity interests in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets, in the event of liquidation, for each business combination, the Group measures the non-controlling interests at either fair value or proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of the measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value.

f. Foreign currencies

In preparing the financial statements of each individual entity, transactions in currencies other than the entity's functional currency (i.e. foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

For the purpose of presenting the consolidated financial statements, the functional currencies of the Company and the entities in the Group (including subsidiaries and associates or those that use currencies different from the currency of the Company) are translated into the presentation currency - the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income (attributed to the owners of the Company and non-controlling interests as appropriate).

g. Inventories

Inventories consist of raw materials, work in progress, finished goods and merchandise, and are stated at the lower of cost and net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at weighted-average cost on the balance sheet date.

h. Investments in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture.

The Group uses the equity method to account for its investments in associates.

Under the equity method, investments in an associate is initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. The Group also recognizes the changes in the Group's share of the equity of associates.

Any excess of the cost of an acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of an associate at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When the Group subscribes for additional new shares of an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group's proportionate interest in that associate. The Group records such a difference as an adjustment to investments, with the corresponding amount charged or credited to capital surplus - changes in the Group's share of equity of associates. If the Group's ownership interest is reduced due to its additional subscription of the new shares of the associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required if the investee had directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date, and the fair value is regarded as the investment's fair value on its initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required had that associate directly disposed of the related assets or liabilities. If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Group continues to apply the equity method and does not remeasure the retained interest.

When a group entity transacts with its associate, profit and loss resulting from the upstream or downstream transactions with the associate, and transactions between associates are recognized in the Group's consolidated financial statements only to the extent that interests in the associate are not related to the Group.

i. Property, plant, and equipment

Property, plant and equipment are initially stated at cost and subsequently stated at cost less recognized accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

j. Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss.

Depreciation is recognized using the straight-line method.

Investment properties is transferred to property, plant and equipment at the carrying amount on the day when the supply for self-use begins.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

k. Goodwill

Goodwill arising from the acquisition of a business is carried at cost as established at the date of the acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units or groups of cash-generating units (referred to as "cash-generating units") that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently whenever there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

If goodwill has been allocated to a cash-generating unit and the Group disposes of an operation within that unit, the goodwill associated with the operation that is disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal and is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

l. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimates accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

2) Internally-generated intangible assets - research and development expenditure

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

3) Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

m. Impairment of property, plant and equipment, right-of-use assets, investment properties and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets, investment properties and intangible assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the asset, cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

n. Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instruments.

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a settlement date basis.

a) Measurement category

Financial assets are classified into the following categories: financial assets at FVTPL, financial assets at amortized cost, investments in debt instruments at FVTOCI and investments in equity instruments at FVTOCI.

i. Financial assets at FVTPL

Financial assets measured at FVTPL include financial assets mandatorily measured or designated as at FVTPL. Financial assets mandatorily measured at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividend or interest earned on the financial asset. Fair value is determined in the manner described in Note 32.

ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost (including cash and cash equivalents, accounts receivable, other receivables measured at amortized cost, time deposits with original maturities of over 3 months, pledged fixed deposits, and refundable deposits) and are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset.

A credit-impaired financial asset is one where the issuer or debtor has experienced significant financial difficulties, defaults, the debtor is likely to file for bankruptcy or other financial reorganization, or the active market for the financial asset has disappeared due to financial difficulties.

Cash equivalents include short-term investments or time deposits with original maturities of three months or less, which are highly liquid, readily convertible to a known amount of cash, and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

iii. Investments in debt instruments at FVTOCI

Debt instruments that meet the following conditions are subsequently measured at FVTOCI:

- i) The debt instrument is held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of such financial assets; and
- ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Investments in debt instruments at FVTOCI are subsequently measured at fair value. Changes in the carrying amounts of these debt instruments relating to changes in foreign currency exchange rates, interest income calculated using the effective interest method and impairment losses or reversals are recognized in profit or loss. Other changes in the carrying amount of these debt instruments are recognized in other comprehensive income and will be reclassified to profit or loss when the investment is disposed of.

iv. Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends are recognized in profit and loss when the Group's right to receive the dividends is established, unless they clearly represent a recovery of part of the cost of the investment, in which case, they are included in OCI.

b) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables), investments in debt instruments that are measured at FVTOCI.

The Group always recognizes lifetime expected credit losses (ECLs) for trade receivables. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss

allowance is recognized in other comprehensive income and does not reduce the carrying amount of such a financial asset.

c) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

Derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in a debt instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

Equity instruments issued by the Group are classified as equity in accordance with the substance of the contractual arrangements and the definitions of an equity instrument.

Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Group's own equity instruments is recognized in and deducted directly from equity, and its carrying amounts are calculated based on weighted average by share types and calculated separately by repurchase category. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

Except the following situation, all financial liabilities are measured at amortized cost using the effective interest method.

i. Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when such financial liabilities are held for trading as at FVTPL.

Financial liabilities held for trading are stated at fair value, with any gain or loss arising on remeasurement recognized in profit or loss.

Fair value is determined in the manner described in Note 32.

b) Derecognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

4) Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including cross currency swaps and foreign exchange forward contracts.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. When the fair value of derivative financial instruments is positive, the derivative is recognized as a financial asset; when the fair value of derivative financial instruments is negative, the derivative is recognized as a financial liability.

Derivatives embedded in hybrid contracts that contain financial asset hosts that is within the scope of IFRS 9 “Financial instruments” are not separated; instead, the classification is determined in accordance with the entire hybrid contract. Derivatives embedded in non-derivative host contracts that are not financial assets that is within the scope of IFRS 9 (e.g. financial liabilities) are treated as separate derivatives when they meet the definition of a derivative; their risks and characteristics are not closely related to those of the host contracts; and the host contracts are not measured at FVTPL.

o. Revenue recognition

The Group identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

1) Sale of goods

Revenue from the sale of goods comes from sales of integrated circuits. Sales of integrated circuits are recognized as revenue when the goods are delivered to the customer’s specific location because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence.

The Group does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

2) Rendering of services

Service income is recognized when services are provided.

p. Leasing

At the inception of a contract, the Group assesses whether the contract is, or contain a lease.

1) The Group as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

When the Group subleases a right-of-use asset, the sublease is classified by reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. However, if the head lease is a short-term lease that the Group, as a lessee, has accounted for applying the recognition exemption, the sublease is classified as an operating lease.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases.

2) The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in future lease payments resulting from a change in the lease terms, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

The Group negotiates with the lessor for rent concessions as a direct consequence of the Covid-19 to change the lease payments originally due by June 30, 2022, that results in the revised consideration for the lease. There is no substantive change to other terms and conditions. The Group elects to apply the practical expedient to all of these rent concessions and, therefore, does not assess whether the rent concessions are lease modifications. Instead, the Group recognizes the reduction in lease payment in profit or loss (accounted for as other income) in the period in which the events or conditions that trigger the concession occur, and makes a corresponding adjustment to the lease liability.

q. Borrowing costs

Borrowing costs are recognized in profit or loss in the period in which they are incurred.

r. Government grants

Government grants are recognized only when it is reasonably certain that the Group will comply with the conditions attached to the government grant and that the grant will be received.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they are received.

s. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost and past service cost) and net interest on the net defined benefit liabilities are recognized as employee benefit expenses in the period in which they occur. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities represent the actual deficit in the Group's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

t. Share-based payment arrangements

The fair value at the grant date of the employee share options is expensed on a straight-line basis over the vesting period, based on the Group's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in non-controlling interests. The expense is recognized in full at the grant date if the grants are vested immediately.

At the end of each reporting period, the Group revises its estimate of the number of employee share options that are expected to vest. The impact of the revision of the original estimates is recognized in profit or loss such that the cumulative expenses reflect the revised estimate, with a corresponding adjustment to non-controlling interests and capital surplus - employee share options.

u. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax payable (refundable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act, an additional tax on unappropriated earnings is provided for as income tax in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, unused loss carryforward, research and development expenditures and personnel training expenditures to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the year which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimates and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The Group considers the possible impact of inflation and market rate of interest fluctuations into significant accounting estimates when making its critical significant accounting estimates on cash flow projections, growth rate, discount rate, profitability, etc. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

Key Sources of Estimation Uncertainty

a. Write-down of inventories

The net realizable value of inventory is the estimated selling price in the ordinary course of business less the estimated costs of completion and disposal. The estimation of net realizable value was based on current market conditions and the historical experience with product sales of a similar nature. Changes in market conditions may have a material impact on the estimation of the net realizable value.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2023	2022
Bank deposits	\$ 5,015,639	\$ 4,307,822
Cash on hand	281	291
Cash equivalents	483,422	1,353,604
	<u>\$ 5,499,342</u>	<u>\$ 5,661,717</u>

The market rate intervals of bank deposits and cash equivalents at the end of the reporting period were as follows:

	December 31	
	2023	2022
Bank deposits	0.001%~5.40%	0.001%~4.20%
Cash equivalents	1.25%~5.40%	0.58%~4.20%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2023	2022
<u>Financial assets at FVTPL - current</u>		
Mandatorily measured at FVTPL		
Derivative financial assets		
Credit linked notes - linked with convertible bonds	\$ 170,667	\$ 22,774
Foreign exchange forward contracts and foreign exchange swap contracts	37,811	49,170
Equity linked notes	15,466	15,355
Non-derivative financial assets		
Domestic mutual fund investments	241,345	190,223
Convertible bonds	113,786	104,835
Exchangeable bonds	41,520	40,080
Domestic listed shares	2,655	2,197
	<u>\$ 623,250</u>	<u>\$ 424,634</u>

(Continued)

	December 31	
	2023	2022
<u>Financial assets at FVTPL - non-current</u>		
Mandatorily measured at FVTPL		
Derivative financial assets		
Credit linked notes - linked with convertible bonds	\$ 220,544	\$ 400,431
Non-derivative financial assets		
Limited partnership	82,174	34,768
	<u>\$ 302,718</u>	<u>\$ 435,199</u>

Financial liabilities at FVTPL - current

Mandatorily measured at FVTPL		
Derivative financial liabilities		
Foreign exchange forward contracts and foreign exchange swap contracts	\$ 27,793	\$ 37,725
		(Concluded)

At the end of the reporting period, outstanding foreign exchange forward contracts and foreign exchange swaps contracts not under hedge accounting were as follows:

	<u>Currency</u>	<u>Maturity Date</u>	<u>Notional Amount (In Thousands)</u>
<u>December 31, 2023</u>			
Sell forward exchange contracts	USD/NTD	2024.01.04~2024.08.14	US\$44,500/NT\$1,381,382
Buy forward exchange contracts	NTD/USD	2024.01.03~2024.08.16	NT\$1,432,774/US\$46,500
<u>December 31, 2022</u>			
Sell forward exchange contracts	USD/NTD	2023.01.17~2023.09.26	US\$44,000/NT\$1,322,023
Buy forward exchange contracts	NTD/USD	2023.01.13~2023.09.28	NT\$1,310,577/US\$44,000

The Group entered into foreign exchange forward contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2023	2022
<u>Current</u>		
Investments in equity instruments at FVTOCI	\$ 561,273	\$ 474,029
Investments in debt instruments at FVTOCI	106,665	90,177
	<u>\$ 667,938</u>	<u>\$ 564,206</u>
		(Continued)

	December 31	
	2023	2022
<u>Non-current</u>		
Investments in equity instruments at FVTOCI	\$ 791,077	\$ 640,322
Investments in debt instruments at FVTOCI	411,933	309,780
	<u>\$ 1,203,010</u>	<u>\$ 950,102</u>
		(Concluded)

a. Investments in equity instruments at FVTOCI

	December 31	
	2023	2022
<u>Current</u>		
Domestic investments		
Listed shares (1) and (2)	<u>\$ 561,273</u>	<u>\$ 474,029</u>
<u>Non-current</u>		
Domestic investments		
Unlisted equity investments (1) and (3)	\$ 281,352	\$ 193,708
Foreign investments		
Unlisted equity investments (1)	<u>572,725</u>	<u>446,614</u>
	<u>\$ 791,077</u>	<u>\$ 640,322</u>

- 1) These investments in equity instruments are not held for trading. Instead, they are held for strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for purposes.
- 2) In 2023 and 2022, the Group acquired the ordinary shares of domestic listed companies at \$22,348 thousand and \$10,035 thousand for strategic investment purposes. The management designated these investments as at FVTOCI.
- 3) In order to manage credit concentration risk, the Group sold its ordinary shares and preferred shares of domestic and foreign listed companies in 2023 and 2022 in the amounts of \$436 thousand and \$248,086 thousand; and transferred a gain of \$58 thousand and \$20,624 thousand from other equity to retained earnings.
- 4) During 2022, the Group purchased domestic unlisted equity investments at \$15,000 thousand for strategic investment purposes. The management designated the investment as at FVTOCI.
- 5) Dividends of \$30,667 thousand and \$43,728 thousand were recognized for the years ended December 31, 2023 and 2022, respectively. Those related to investments held on December 31, 2023 and 2022 were \$30,667 thousand and \$38,479 thousand, respectively.

b. Investments in debt instruments at FVTOCI

	December 31	
	2023	2022
<u>Current</u>		
Foreign corporate bonds	\$ 106,665	\$ 90,177
<u>Non-current</u>		
Foreign corporate bonds	\$ 362,195	\$ 309,780
Domestic corporate bonds	49,738	-
	<u>\$ 411,933</u>	<u>\$ 309,780</u>

In 2020, the Group purchased foreign corporate bonds for US\$5,822 thousand with a coupon rate of 3.375%~5.65%.

In 2023 and 2022, the Group purchased foreign corporate bonds respectively for US\$4,767 thousand and US\$8,012 thousand with a coupon rate respectively of 2.50%~5.80% and 2.75%~4.125%.

In 2023, the Group purchased domestic corporate bonds for \$49,999 thousand with a coupon rate of 1.537%.

9. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2023	2022
<u>Current</u>		
Domestic investments		
Time deposits with original maturities of more than 3 months (a)	\$ 2,305,000	\$ 1,659,100
Pledged fixed deposits (b)	828,690	757,789
	<u>\$ 3,133,690</u>	<u>\$ 2,416,889</u>
<u>Non-current</u>		
Foreign investments		
Foreign corporate bonds (c)	<u>\$ 30,870</u>	<u>\$ 30,983</u>

- The interest rates for time deposits with original maturities of more than 3 months ranged from 0.56%~1.80% and 0.27%~1.60% per annum as of December 31, 2023 and 2022, respectively.
- Refer to Note 34 for information relating to investments in financial assets at amortized cost pledged as security.
- In August 2016, the Group purchased the priority unsecured US dollar debt issued by Formosa Group (Cayman) Limited at US\$1,028 thousand, with an expiry date of April 22, 2025 and the coupon rate of 3.375%.

10. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	December 31	
	2023	2022
<u>Notes receivable</u>		
At amortized cost		
Gross carrying amount	\$ -	\$ 79
Less: Allowance for impairment loss	-	-
	<u>\$ -</u>	<u>\$ 79</u>
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount	\$ 1,614,048	\$ 1,247,779
Less: Allowance for impairment loss	(21,119)	(21,338)
	<u>\$ 1,592,929</u>	<u>\$ 1,226,441</u>
<u>Other receivables</u>		
Income tax refund receivable	\$ 84,954	\$ 73,876
Interest receivables	29,139	16,752
Others	2,781	8,209
	<u>\$ 116,874</u>	<u>\$ 98,837</u>

The credit period of sales of goods was 5~135 days. No interest was charged on trade receivables. The Group adopted a policy of obtaining advance payment or sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group uses other publicly available financial information or its own historical trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored. Credit exposure is controlled by counterparty limits that are reviewed and approved by the Group annually.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix by reference to the past default records of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of trade receivables based on the Group's provision matrix:

December 31, 2023

	<u>Not Past Due</u>	<u>Up to 60 Days</u>	<u>61 to 90 Days</u>	<u>Over 90 Days</u>	<u>Total</u>
Gross carrying amount	\$ 1,602,952	\$ 4,381	\$ 1,192	\$ 5,523	\$ 1,614,048
Loss allowance (Lifetime ECLs)	(15,122)	(118)	(356)	(5,523)	(21,119)
Amortized cost	<u>\$ 1,587,830</u>	<u>\$ 4,263</u>	<u>\$ 836</u>	<u>\$ -</u>	<u>\$ 1,592,929</u>

December 31, 2022

	<u>Not Past Due</u>	<u>Up to 60 Days</u>	<u>61 to 90 Days</u>	<u>Over 90 Days</u>	<u>Total</u>
Gross carrying amount	\$ 1,241,830	\$ 1,313	\$ 2	\$ 4,634	\$ 1,247,779
Loss allowance (Lifetime ECLs)	(15,389)	(1,313)	(2)	(4,634)	(21,338)
Amortized cost	<u>\$ 1,226,441</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,226,441</u>

The movements of the loss allowance of trade receivables were as follows:

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Balance at January 1	\$ 21,338	\$ 23,789
Provision (Reversal) for expected credit loss (a)	69	(1,004)
Amounts written off (b)	(277)	(1,458)
Change in exchange rates or others	(11)	11
Balance at December 31	<u>\$ 21,119</u>	<u>\$ 21,338</u>

- a. Compared with January 1, 2023, the total carrying amount of trade receivables as of December 31, 2023 increased by a net amount of \$366,269 thousand, and the loss allowance decreased by \$219 thousand; compared with January 1, 2022, the total carrying amount of trade receivables as of December 31, 2022 decreased by a net amount of \$727,405 thousand, and the loss allowance decreased by \$2,451 thousand.
- b. The Group wrote off the related trade receivables of \$277 thousand and the loss allowance of \$277 thousand, due to the bankruptcy declared by the court for one customer in the year ended 2023. The Group wrote off the related trade receivables of \$1,458 thousand and the loss allowance of \$1,458 thousand, due to the liquidation of one customer, in the years ended 2022.

11. INVENTORIES

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Finished goods	\$ 723,718	\$ 1,452,658
Work in progress	1,540,029	2,356,694
Raw materials	394,753	585,369
Merchandise	2,129	4,622
	<u>\$ 2,660,629</u>	<u>\$ 4,399,343</u>

Cost of goods sold is defined as follows:

	For the Year Ended December, 31	
	2023	2022
Cost of inventories sold	\$ 10,937,590	\$ 9,267,687
Allowance for inventory valuation loss (reversal of write-down inventories) (a)	(83,267)	285,708
Impairment loss on prepayment for purchase	178,142	230,540
Others	(23,276)	(10,132)
	<u>\$ 11,009,189</u>	<u>\$ 9,773,803</u>

- a. The reversal of the inventories to net receivable value was due to the circumstances that caused the net realizable value of inventories to be lower than its cost no longer existed.

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

- a. Subsidiaries included in the consolidated financial statements:

Investor	Investee	Main Business	Proportion of Ownership (%)	
			December 31	
			2023	2022
The Company	Sitronix Investment Corp.	Investment	100.00	100.00
	Sensortek Technology Corp.	R&D, design and sales of sensor integrated circuit products	46.06	46.06
	INFSitronix Technology Corp.	Comprehensive line of Power supervisor IC design	58.42	58.42
	mCore Technology Corp.	Providing solutions for consumer display and voice/audio related applications.	90.73	90.73
	Forcelead Technology Corp.	R&D and sale of multi-functional integrated automotive display driver ICs	61.01	70.76
	Sync-Tech System Corp.	Design, manufacturing and maintenance of semiconductor consumables and testing equipment	42.19	42.86
	Sitronix Holding International Ltd.	Investment	100.00	100.00
	HeFei ezGreen Co., Ltd.	Design, sales and technical services of Supplier management software development	100.00	100.00
	HeFei Sitronix Co., Ltd.	R&D, design, sales and technical services of integrated circuits and system hardware and software	90.00	90.00
	ezGreen Inc.	Software design and electronic information supply services	100.00	100.00
	Sitronix Technology (Shenzhen) Co., Ltd.	Computer software and hardware development, sales and after-sales service business and related technical consulting services	100.00	100.00
	HeFei Sitronix Technology Co., Ltd.	R&D, sale and provision of after-sales services and related technical consultancy services of integrated circuits and system hardware and software	100.00	100.00
	Seer Microelectronics, Inc.	High performance sensor IC with single photon design and applications	72.66	-
	Sitronix Investment Corp.	Sensortek Technology Corp.	-	-
	INFSitronix Technology Corp.	Comprehensive line of Power supervisor IC design	-	-

As of December 31, 2023, and 2022, the Group's shareholding ratio of Sensortek Technology Corp. were both 46.06%. Since Sensortek Technology Corp. is a TPEX listed company in the Republic of China, the remaining 53.94% of the shares held are widely dispersed. After considering the absolute number, relative size and distribution of shareholding held by the other shareholders, the Group was judged to have the substantive ability to dominate the relevant activities of Sensortek Technology Corp., therefore, it is classified as a subsidiary.

As of December 31, 2023, and 2022, the Group's shareholding ratio of Sync-Tech System Corp. were 42.19% and 42.86%, respectively and was the largest single shareholder of the latter. After considering the absolute number, relative size and distribution of shareholding held by the other shareholders, the Group was judged to have the substantive ability to dominate the relevant activities of Sync-Tech System Corp., therefore, it is classified as a subsidiary.

In 2023, the Group acquired Seer Microelectronics, Inc. by subscribing to its newly issued shares through capital increase. As a result, the Group has accumulated a 72.66% equity stake therefore, it is classified as a subsidiary. For more information, please refer to Note 28.

Please refer to Note 29 for the equity transactions between the Group and non-controlling interests.

b. Details of subsidiaries that have material non-controlling interests

Name of Subsidiary	Principal Place of Business	Proportion of Ownership and Voting Rights Held by Non-controlling Interests		
		December 31		
		2023	2022	
Sensortek Technology Corp.	Taiwan	53.94%	53.94%	
INFSitronix Technology Corp.	Taiwan	41.58%	41.58%	
Forcelead Technology Corp.	Taiwan	38.99%	29.24%	
Sync-Tech System Corp.	Taiwan	57.81%	57.14%	
Name of Subsidiary	Profit (Loss) Allocated to Non-controlling Interests		Accumulated Non-controlling Interests	
	For the Year Ended December 31		December 31	
	2023	2022	2023	2022
Sensortek Technology Corp.	\$ 357,144	\$ 446,984	\$ 2,327,738	\$ 2,352,651
INFSitronix Technology Corp.	(10,818)	(8,643)	37,274	48,092
Forcelead Technology Corp.	145,865	117,109	652,939	460,157
Sync-Tech System Corp.	66,273	53,997	490,089	423,804
Others	(261)	11,091	91,784	58,215
Total	\$ 558,203	\$ 620,538	\$ 3,599,824	\$ 3,342,919

Summarized financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarized financial information below represents amounts before intragroup eliminations:

	December 31	
	2023	2022
Current assets	\$ 7,488,901	\$ 6,994,769
Non-current assets	2,195,847	2,106,299
Current liabilities	(2,339,292)	(1,921,690)
Non-current liabilities	(245,715)	(273,354)
Equity	<u>\$ 7,099,741</u>	<u>\$ 6,906,024</u>
Equity attributable to:		
Owners of the Company	\$ 3,498,819	\$ 3,560,428
Non-controlling interests of subsidiaries	3,600,922	3,345,596
	<u>\$ 7,099,741</u>	<u>\$ 6,906,024</u>
	For the Year Ended December 31	
	2023	2022
Revenue	<u>\$ 7,975,128</u>	<u>\$ 7,585,496</u>
Net income for the year	\$ 1,199,880	\$ 1,495,891
Other comprehensive income (loss)	72,506	(63,617)
Total comprehensive income	<u>\$ 1,272,386</u>	<u>\$ 1,432,274</u>
Profit attributable to:		
Owners of the Company	\$ 635,082	\$ 879,559
Non-controlling interests of the subsidiaries	564,798	616,332
	<u>\$ 1,199,880</u>	<u>\$ 1,495,891</u>
Total comprehensive income attributable to:		
Owners of the Company	\$ 668,426	\$ 850,230
Non-controlling interests of the subsidiaries	603,960	582,044
	<u>\$ 1,272,386</u>	<u>\$ 1,432,274</u>
Net cash inflow (outflow) from:		
Operating activities	\$ 2,001,400	\$ 839,890
Investing activities	(865,095)	589,982
Financing activities	(1,229,525)	(2,564,292)
Effects of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies	(3,349)	48,793
Net cash outflow	<u>(\$ 96,569)</u>	<u>(\$ 1,085,627)</u>
Dividends paid to non-controlling interests	<u>\$ 570,802</u>	<u>\$ 963,363</u>

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31, 2023
<u>Investments in associates</u>	
esGMeta Co.,Ltd.	<u>\$ 5,202</u>

Company name	Main business	Principal Place of Business	Proportion of Ownership Held and Voting Right December 31, 2023
esGMeta Co.,Ltd.	Carbon footprint verification, analysis of data on carbon system platforms, execution of carbon reduction projects and commissioning of carbon trading rights	Taiwan	47.5%

In December 2023, the Group invested \$9,500 thousand in esGMeta Co.,Ltd. (collectively, the “esGMeta Co.,Ltd.”) through technical pricing, and by resolution of the Directors on December 5, 2023, to capital increase was carried out with a shareholding percentage of 47.5%. As the Group has significant influence over this company, it is classified as an investment accounted for using the equity method.

Please refer to Table 7 "Information on Investees, Locations, etc." for information on the nature of business, its area of operations, and country of company registry of the above affiliates.

The following financial information summary is prepared based on the associates’ IFRS-based individual financial statements, and has reflected the adjustments required for adoption of the equity method.

	December 31,2023
Current assets	\$ 10,952
Non-current assets	9,048
Current liabilities	-
Equity	<u>\$ 20,000</u>
The Group’s shareholding ratio(%)	47.5%
The Group’s equity	\$ 9,500
Unrealized gains (loss) on downstream transactions	(4,298)
Investment book value	<u>\$ 5,202</u>
	For the Year Ended December 31, 2023
Net income for the year	\$ -
Other comprehensive income (loss)	-
Total comprehensive income	<u>\$ -</u>

14. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Machinery Equipment	Test Equipment	Office Equipment	Property Under Construction	Total
<u>Cost</u>							
Balance at January 1, 2022	\$ 269,162	\$ 939,233	\$ 233,840	\$ 1,023,980	\$ 28,188	\$ -	\$ 2,494,403
Additions	29,561	39,169	54,339	299,883	2,692	211,301	636,945
Disposals	-	(2,378)	(3,547)	(418,989)	(127)	-	(425,041)
Effect of foreign currency exchange differences	-	1,105	29	425	78	(666)	971
Balance at December 31, 2022	<u>\$ 298,723</u>	<u>\$ 977,129</u>	<u>\$ 284,661</u>	<u>\$ 905,299</u>	<u>\$ 30,831</u>	<u>\$ 210,635</u>	<u>\$ 2,707,278</u>
<u>Accumulated depreciation</u>							
Balance at January 1, 2022	\$ -	\$ 186,484	\$ 118,574	\$ 716,698	\$ 12,097	\$ -	\$ 1,033,853
Additions	-	31,796	38,661	221,467	3,827	-	295,751
Disposals	-	(2,378)	(3,119)	(418,906)	(120)	-	(424,523)
Effect of foreign currency exchange differences	-	116	20	184	39	-	359
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 216,018</u>	<u>\$ 154,136</u>	<u>\$ 519,443</u>	<u>\$ 15,843</u>	<u>\$ -</u>	<u>\$ 905,440</u>
Carrying amount at December 31, 2022	<u>\$ 298,723</u>	<u>\$ 761,111</u>	<u>\$ 130,525</u>	<u>\$ 385,856</u>	<u>\$ 14,988</u>	<u>\$ 210,635</u>	<u>\$ 1,801,838</u>
	Freehold Land	Buildings	Machinery Equipment	Test Equipment	Office Equipment	Property Under Construction	Total
<u>Cost</u>							
Balance at January 1, 2023	\$ 298,723	\$ 977,129	\$ 284,661	\$ 905,299	\$ 30,831	\$ 210,635	\$ 2,707,278
Additions	-	17,950	61,429	221,829	1,689	4,411	307,308
Disposals	-	(1,010)	(7,025)	(86,738)	-	-	(94,773)
Reclassification	22,903	69,072	13	-	(13)	(6,889)	85,086
Acquired through business combinations	-	-	50	381	244	-	675
Effect of foreign currency exchange differences	-	(1,392)	(71)	(1,220)	(107)	(3,734)	(6,524)
Balance at December 31, 2023	<u>\$ 321,626</u>	<u>\$ 1,061,749</u>	<u>\$ 339,057</u>	<u>\$ 1,039,551</u>	<u>\$ 32,644</u>	<u>\$ 204,423</u>	<u>\$ 2,999,050</u>
<u>Accumulated depreciation</u>							
Balance at January 1, 2023	\$ -	\$ 216,018	\$ 154,136	\$ 519,443	\$ 15,843	\$ -	\$ 905,440
Additions	-	35,357	44,513	227,385	4,111	-	311,366
Disposals	-	(1,010)	(5,355)	(86,738)	-	-	(93,103)
Reclassification	-	8,568	-	-	-	-	8,568
Acquired through business combinations	-	-	39	221	155	-	415
Effect of foreign currency exchange differences	-	(347)	(49)	(1,103)	(71)	-	(1,570)
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ 258,586</u>	<u>\$ 193,284</u>	<u>\$ 659,208</u>	<u>\$ 20,038</u>	<u>\$ -</u>	<u>\$ 1,131,116</u>
Carrying amount at December 31, 2023	<u>\$ 321,626</u>	<u>\$ 803,163</u>	<u>\$ 145,773</u>	<u>\$ 380,343</u>	<u>\$ 12,606</u>	<u>\$ 204,423</u>	<u>\$ 1,867,934</u>

The Group's property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	
Main buildings	40~51 years
Renovation construction / Lease improvement	3~15 years
Machinery equipment	3~6 years
Test equipment	1~6 years
Office equipment	3~6 years

15. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2023	2022
<u>Carrying amount</u>		
Buildings	\$ 86,355	\$ 122,161
Land	52,160	-
Office equipment	7,993	6,666
Machinery equipment	241	337
	<u>\$ 146,749</u>	<u>\$ 129,164</u>
	For the Year Ended December 31	
	2023	2022
Additions to right-of-use assets	<u>\$ 69,617</u>	<u>\$ 20,998</u>
Depreciation charge for right-of-use assets		
Buildings	\$ 42,952	\$ 43,295
Land	2,506	-
Office equipment	5,655	6,109
Machinery equipment	96	96
	<u>\$ 51,209</u>	<u>\$ 49,500</u>

Except for the addition and recognition of depreciation expenses listed above, there was no significant sublease or impairment of the Group's right-of-use assets in 2023 and 2022.

b. Lease liabilities

	December 31	
	2023	2022
<u>Carrying amount</u>		
Current	<u>\$ 46,884</u>	<u>\$ 45,301</u>
Non-current	<u>\$ 104,905</u>	<u>\$ 87,613</u>

Range of discount rates for lease liabilities was as follows:

	December 31	
	2023	2022
Buildings	1.250%~4.750%	1.250%~4.750%
Land	1.250%	-
Office equipment	1.345%~2.225%	1.250%~1.920%
Machinery equipment	1.250%	1.250%

c. Material lease activities and terms

The Group leases various assets including land, buildings, office equipment and machinery equipment with lease terms between 2~20 years. The leased land is used for constructing a factory building with lease contracts adjusted payment every 2 years on the announced land value. The leased buildings includes factory and offices, and the leased office equipment includes rental cars. The Group does not have bargain purchase or renewal options to acquire or renew the leases when they expire.

d. Other lease information

Lease arrangements under operating leases for the leasing out of investment properties are set out in Note 15.

	For the Year Ended December 31	
	2023	2022
Expenses relating to short-term leases	\$ 4,473	\$ 1,904
Expenses relating to low-value asset leases	\$ 196	\$ 156
Total cash outflow for leases	\$ 57,633	\$ 52,419

The Group's leases of certain parking spaces qualify as short-term leases and leases of machinery qualify as low-value asset leases. The Group has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

16. INVESTMENT PROPERTIES

	Land	Buildings	Total
<u>Cost</u>			
Balance at January 1, 2022	\$ 210,648	\$ 508,152	\$ 718,800
Additions	34,618	33,378	67,996
Balance at December 31, 2022	\$ 245,266	\$ 541,530	\$ 786,796
<u>Accumulated depreciation</u>			
Balance at January 1, 2022	\$ -	\$ 45,702	\$ 45,702
Additions	-	10,588	10,588
Balance at December 31, 2022	\$ -	\$ 56,290	\$ 56,290
Carrying amount at December 31, 2022	\$ 245,266	\$ 485,240	\$ 730,506

(Continued)

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
<u>Cost</u>			
Balance at January 1, 2023	\$ 245,266	\$ 541,530	\$ 786,796
Reclassification	(22,903)	(69,072)	(91,975)
Balance at December 31, 2023	<u>\$ 222,363</u>	<u>\$ 472,458</u>	<u>\$ 694,821</u>
<u>Accumulated depreciation</u>			
Balance at January 1, 2023	\$ -	\$ 56,290	\$ 56,290
Additions	-	9,510	9,510
Reclassification	-	(8,568)	(8,568)
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ 57,232</u>	<u>\$ 57,232</u>
Carrying amount at December 31, 2023	<u>\$ 222,363</u>	<u>\$ 415,226</u>	<u>\$ 637,589</u> (Concluded)

Except for the situation that Sync-Tech System Corp. has not yet leased out its investment properties, the above-mentioned investment properties were leased out for 1 to 5 years. The lessees do not have bargain purchase options to acquire the investment properties at the expiry of the lease periods.

The future minimum lease payments of operating lease commitments were as follows:

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Within 1 year	\$ 18,877	\$ 17,095
Years 1~5	25,767	23,600
	<u>\$ 44,644</u>	<u>\$ 40,695</u>

Investment properties are depreciated using the straight-line method over their estimated useful lives of 50 to 51 years.

The determination of fair values of the Group's investment properties was performed by independent qualified professional valuers of the China Real Estate Appraising Firm using Level 3 inputs. The evaluation is based on the weighted average of the income method and the market comparison method. The significant unobservable input used include the discount rate, and the appraised fair value are as follows:

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Fair value	<u>\$ 788,574</u>	<u>\$ 904,343</u>

All of the Group's investment properties were held under freehold interests.

17. INTANGIBLE ASSETS

	<u>Royalty</u>	<u>Computer Software</u>	<u>Specialized Technology</u>	<u>Total</u>
<u>Cost</u>				
Balance at January 1, 2022	\$ 136,219	\$ 138,764	\$ -	\$ 274,983
Additions	7,139	68,844	500	76,483
Disposals	(2,447)	(5,745)	-	(8,192)
Effect of foreign currency exchange differences	-	(71)	-	(71)
Balance at December 31, 2022	<u>\$ 140,911</u>	<u>\$ 201,792</u>	<u>\$ 500</u>	<u>\$ 343,203</u>
<u>Accumulated amortization</u>				
Balance at January 1, 2022	\$ 123,260	\$ 103,149	\$ -	\$ 226,409
Additions	11,543	36,619	21	48,183
Disposals	(2,447)	(5,745)	-	(8,192)
Effect of foreign currency exchange differences	-	(95)	-	(95)
Balance at December 31, 2022	<u>\$ 132,356</u>	<u>\$ 133,928</u>	<u>\$ 21</u>	<u>\$ 266,305</u>
Carrying amount at December 31, 2022	<u>\$ 8,555</u>	<u>\$ 67,864</u>	<u>\$ 479</u>	<u>\$ 76,898</u>
<u>Cost</u>				
Balance at January 1, 2023	\$ 140,911	\$ 201,792	\$ 500	\$ 343,203
Additions	21,891	130,787	-	152,678
Disposals	(9,897)	(10,499)	-	(20,396)
Acquired through business combinations	8,800	-	39,661	48,461
Effect of foreign currency exchange differences	-	(102)	-	(102)
Balance at December 31, 2023	<u>\$ 161,705</u>	<u>\$ 321,978</u>	<u>\$ 40,161</u>	<u>\$ 523,844</u>
<u>Accumulated amortization</u>				
Balance at January 1, 2023	\$ 132,356	\$ 133,928	\$ 21	\$ 266,305
Additions	9,830	62,909	2,677	75,416
Disposals	(9,897)	(10,499)	-	(20,396)
Acquired through business combinations	2,635	-	4,225	6,860
Effect of foreign currency exchange differences	-	(54)	-	(54)
Balance at December 31, 2023	<u>\$ 134,924</u>	<u>\$ 186,284</u>	<u>\$ 6,923</u>	<u>\$ 328,131</u>
Carrying amount at December 31, 2023	<u>\$ 26,781</u>	<u>\$ 135,694</u>	<u>\$ 33,238</u>	<u>\$ 195,713</u>

Intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Royalty	2~10 years
Computer software	2~10 years
Specialized technology	2~10 years

18. OTHER ASSETS

	December 31	
	2023	2022
<u>Other current assets</u>		
Provisional payments	\$ 5,142	\$ 3,143
Others	7,773	6,798
	<u>\$ 12,915</u>	<u>\$ 9,941</u>
<u>Prepayments</u>		
Input tax and offset against business tax	\$ 102,881	\$ 50,796
Prepaid probe cards	52,795	42,245
Prepayments	23,559	34,085
Prepayment for purchase (a)	5,154	8,291
Others	7,264	6,465
	<u>\$ 191,653</u>	<u>\$ 141,882</u>
<u>Other non-current assets</u>		
Refundable deposits (b)	\$ 521,497	\$ 651,206
Prepayments for buildings (b)	121,870	-
Prepayments for equipment	35,864	16,412
Long-term prepayment for purchase (a)	-	179,402
	<u>\$ 679,231</u>	<u>\$ 847,020</u>

- The Group has signed purchase agreements with fabs, and the prepayment has been made in advance according to the agreements, please refer to Note 35 for the details.
- Please refer to Note 35 for details of the contract terms related to the prepayments for buildings and the capacity guarantee agreements.

19. SHORT-TERM BORROWINGS

	December 31	
	2023	2022
<u>Unsecured borrowings</u>		
Bank loans	<u>\$ -</u>	<u>\$ 18,119</u>

The range of weighted average effective interest rates on bank loans was 4.97% as of December 31, 2022.

20. OTHER LIABILITIES

	December 31	
	2023	2022
<u>Current</u>		
Other payables		
Payables for salaries and bonuses	\$ 1,031,478	\$ 1,464,877
Payables for research	45,709	40,588
Payables for equipment	38,782	51,691
Others	357,765	296,336
	<u>\$ 1,473,734</u>	<u>\$ 1,853,492</u>
Other liabilities		
Contract liabilities	\$ 97,482	\$ 135,268
Guarantee deposits received-current	30,705	-
Others	12,625	12,620
Temporary receipts	7,804	5,967
	<u>\$ 148,616</u>	<u>\$ 153,855</u>

21. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Group adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Group makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plans

The defined benefit plan adopted by the Group in accordance with the Labor Standards Act is operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Group contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Group assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Group has no right to influence the investment policy and strategy.

The amounts based on the actuarial report of the Group's defined benefit plans were as follows:

	December 31	
	2023	2022
Present value of defined benefit obligation	\$ 93,558	\$ 94,582
Fair value of the plan assets	(67,203)	(63,191)
Net defined benefit liabilities	<u>\$ 26,355</u>	<u>\$ 31,391</u>

Movements in net defined benefit liabilities were as follows:

	Present Value of Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2022	\$ 94,994	(\$ 56,717)	\$ 38,277
Service cost			
(Gain) Loss on settlements	(626)	-	(626)
Net interest expense (income)	660	(401)	259
Recognized in profit or loss	34	(401)	(367)
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(4,312)	(4,312)
Actuarial loss - change in demographic assumptions	42	-	42
Actuarial gain - change in financial assumptions	(5,770)	-	(5,770)
Actuarial loss - experience adjustments	7,975	-	7,975
Recognized in other comprehensive income(loss)	2,247	(4,312)	(2,065)
Contributions from the employer	-	(2,603)	(2,603)
Benefit payments	(2,693)	842	(1,851)
Balance at December 31, 2022	94,582	(63,191)	31,391
Net interest expense (income)	1,220	(829)	391
Recognized in profit or loss	1,220	(829)	391
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(520)	(520)
Actuarial loss - change in demographic assumptions	2	-	2
Actuarial loss - change in financial assumptions	774	-	774
Actuarial gain - experience adjustments	(3,020)	-	(3,020)
Recognized in other comprehensive income(loss)	(2,244)	(520)	(2,764)
Contributions from the employer	-	(2,663)	(2,663)
Balance at December 31, 2023	\$ 93,558	(\$ 67,203)	\$ 26,355

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans is as follows:

	For the Year Ended December 31	
	2023	2022
Selling and marketing expenses	\$ 47	\$ 26
General and administrative expenses	101	56
Research and development expenses	243	(449)
	\$ 391	(\$ 367)

Through the defined benefit plans under the Labor Standards Act, the Group is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2023	2022
Discount rate	1.2%	1.30%
Expected rate of salary increase	4.0%	4.00%

If possible reasonable change in each of the significant actuarial assumptions occurs and all other assumptions remain constant, the present value of the defined benefit obligation will increase (decrease) as follows:

	December 31	
	2023	2022
Discount rate		
0.25% increase	(\$ 1,916)	(\$ 2,253)
0.25% decrease	\$ 1,984	\$ 2,333
Expected rate of salary increase		
0.25% increase	\$ 1,925	\$ 2,266
0.25% decrease	(\$ 1,870)	(\$ 2,200)

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2023	2022
Expected contributions to the plan for the next year	\$ 2,470	\$ 2,607
Average duration of the defined benefit obligation	9 years	9 years

22. EQUITY

a. Share capital

	December 31	
	2023	2022
Number of shares authorized (in thousands)	200,000	200,000
Share capital	\$ 2,000,000	\$ 2,000,000
Number of shares issued and fully paid (in thousands)	120,137	120,137
Shares issued	\$ 1,201,369	\$ 1,201,369

Fully paid ordinary shares, which have a par value of \$10, carry one vote per share and carry a right to dividends.

The authorized shares include 20,000 thousand shares reserved for the exercise of employee stock options.

b. Capital surplus

	December 31	
	2023	2022
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)</u>		
Issuance of ordinary shares	\$ 401,995	\$ 401,995
Conversion of bonds	335,041	335,041
Treasury share transactions	14,255	8,114
Differences between the consideration received and the carrying amount of subsidiaries' net assets during actual acquisitions or disposals	120,849	-
<u>May be used to offset a deficit only</u>		
Changes in percentage of ownership interests in subsidiaries (2)	967,309	945,590
	<u>\$ 1,839,449</u>	<u>\$ 1,690,740</u>

1) Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).

2) Such capital surplus arises from the effect of changes in ownership interests in subsidiaries resulting from equity transactions other than actual disposals or acquisitions, or from changes in capital surplus of subsidiaries accounted for using the equity method.

c. Retained earnings and dividends policy

Under the dividends policy as set in the Company's Articles of Incorporation (the "Articles"), the board of directors is authorized to adopt a special resolution to distribute all or part of the dividends and bonuses in cash, and a report of such distribution should be submitted in the latest shareholders' meeting.

Under the dividends policy as set forth in the Articles, where the Company made a profit in a fiscal year, the profit shall be distributed in the following order:

- 1) Utilized for paying taxes.
- 2) Offsetting losses of previous years.
- 3) Setting aside as a legal reserve of 10% of the remaining profit (legal reserve that has reached the company's paid-in capital is not subject to this condition).
- 4) Setting aside or reversing a special reserve in accordance with the laws and regulations.
- 5) Any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders.

For the policies on the distribution of employees' compensation and remuneration of directors, refer to employees' compensation and remuneration of directors in Note 24(h).

The distribution of dividends to shareholders of the Company can be made in cash or shares, but the proportion of cash dividends distributed should not be less than 10% of the total dividends distributed. The dividends policy is dependent on the Company's current and future investment environment, capital needs, domestic and international competition and capital budget, etc., taking into account the interests of shareholders, balance of dividends and long-term financial planning of the Company, the board of directors plans to distribute the case to the shareholders' meeting.

Appropriation of earnings to the legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriations of earnings for 2022 and 2021 were as follows:

	For the Year Ended December 31	
	2022	2021
Legal reserve	\$ 363,285	\$ 601,513
Appropriations (Reversals) special reserve	\$ 182,761	(\$ 74,759)
Cash dividends	\$ 2,643,011	\$ 3,844,380
Cash dividends per share (NT\$)	\$ 22	\$ 32

The above appropriations for cash dividends were resolved by the Company's board of directors on March 16, 2023 and March 17, 2022, respectively; the other proposed appropriations were resolved by the shareholders in their meeting on June 21, 2023 and June 23, 2022, respectively.

The appropriation of earnings for 2023 had been proposed by the Company's board of directors on March 7, 2024. The appropriation and dividends per share were as follows:

	<u>For the Year Ended December, 2023</u>
Legal reserve	\$ 186,117
Reversal special reserve	(\$ 211,838)
Cash dividends	\$ 1,441,642
Cash dividends per share (NT\$)	\$ 12

The aforementioned distribution of cash dividends has been resolved by the board of directors, and the rest has yet to be resolved at the shareholders' meeting to be held on June 20, 2024.

d. Special reserve

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Balance at January 1	\$ 105,464	\$ 180,223
Appropriations (Reversals) in respect of		
Debits to other equity items	182,761	(74,759)
Balance at December 31	<u>\$ 288,225</u>	<u>\$ 105,464</u>

e. Other equity items

1) Exchange differences on translating the financial statements of foreign operations

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Balance at January 1	\$ 9,186	(\$ 14,086)
Exchange differences on translating the financial statements		
of foreign operations	(11,944)	23,272
Balance at December 31	<u>(\$ 2,758)</u>	<u>\$ 9,186</u>

2) Unrealized gain (loss) on financial assets at FVTOCI

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Balance at January 1	(\$ 290,948)	(\$ 91,377)
Recognized for the year		
Unrealized gain (loss) - debt instruments	7,237	(10,592)
Unrealized gain (loss) - equity instruments	210,026	(168,355)
Cumulative unrealized (gain) loss of equity instruments		
transferred to retained earnings due to disposal	(58)	(20,624)
Disposal of subsidiaries' partial equity	113	-
Balance at December 31	<u>(\$ 73,630)</u>	<u>(\$ 290,948)</u>

f. Non-controlling interests

	For the Year Ended December 31	
	2023	2022
Balance at January 1	\$ 3,342,919	\$ 3,441,892
Share attributable to non-controlling interests:		
Share in profit for the period	558,203	620,538
Exchange difference on translating the financial statements of foreign operations	(931)	498
Financial assets at FVTOCI	6,314	(7,154)
The Company's shares held by its subsidiaries treated as treasury shares	-	(28,369)
Adjustment of capital surplus due to dividends distributed to subsidiaries	7,191	7,561
Cash dividends distributed by subsidiaries	(572,287)	(966,108)
Non-controlling interests arising from acquisition of subsidiaries (Note 28)	25,312	-
The net assets of the subsidiary transferred to non-controlling interests (Note 29)	233,103	274,061
Balance at December 31	<u>\$ 3,599,824</u>	<u>\$ 3,342,919</u>

g. Treasury shares

The Company's shares held by its subsidiary	Number of Shares
Number of shares at January 1, 2023 and December 31, 2023	<u>606,000</u>
Number of shares at January 1, 2022	329,000
Increase during the year	<u>277,000</u>
Number of shares at December 31, 2022	<u>606,000</u>

The Company's shares held by its subsidiary at the end of the reporting period were as follows:

Name of Subsidiary	Number of Shares Held	Carrying Amount	Market Price
<u>December 31, 2023</u>			
Sensortek Technology Corp.	606,000	\$ 168,468	\$ 168,468
<u>December 31, 2022</u>			
Sensortek Technology Corp.	606,000	\$ 107,565	\$ 107,565

The Company's shares held by its subsidiary are treated as treasury shares.

23. REVENUE

a. Disaggregation of revenue

Product	For the Year Ended December 31	
	2023	2022
Integrated circuits	\$ 16,169,905	\$ 17,520,329
Others	552,986	507,498
	<u>\$ 16,722,891</u>	<u>\$ 18,027,827</u>

Primary geographical markets	For the Year Ended December 31	
	2023	2022
Hong Kong	\$ 13,451,241	\$ 14,708,794
Vietnam	988,167	999,340
Taiwan	880,864	1,001,199
China	453,694	539,207
South Korea	456,321	326,707
Others	492,604	452,580
	<u>\$ 16,722,891</u>	<u>\$ 18,027,827</u>

The basis of calculation of the Group's revenue segregated by geographical location is mainly based on the location the goods were shipped as designated by the customers.

b. Contract balances

	December 31		January 1
	2023	2022	2022
Trade receivables (Note 10)	\$ 1,592,929	\$ 1,226,441	\$ 1,951,395
Trade receivables from related parties (Note 33)	1,782	1,469	715
	<u>\$ 1,594,711</u>	<u>\$ 1,227,910</u>	<u>\$ 1,952,110</u>
Contract liabilities - current (Note 20)			
Sales of goods	<u>\$ 97,482</u>	<u>\$ 135,268</u>	<u>\$ 75,623</u>

Revenue recognized in the current year that was included in the contract liability balance at the beginning of the year is as follows:

	For the Year Ended December 31	
	2023	2022
<u>From contract liabilities at the start of the year</u>		
Sales of goods	<u>\$ 128,318</u>	<u>\$ 68,980</u>

Changes in contract liabilities are mainly due to the timing difference between the satisfaction of performance obligations and customer payment.

24. NET PROFIT

a. Other operating income and expense

	For the Year Ended December 31	
	2023	2022
Gain on sublease of right-of-use assets	\$ 1,143	\$ 1,157
Gain on modification of lease agreements	9	215
Loss on disposal of property, plant and equipment	(170)	(33)
	<u>\$ 982</u>	<u>\$ 1,339</u>

b. Interest income

	For the Year Ended December 31	
	2023	2022
Financial assets at amortized cost	\$ 128,213	\$ 78,275
Financial asset at FVTPL	12,746	8,530
Investments in debt instruments at FVTOCI	14,885	10,615
Others	107	45
	<u>\$ 155,951</u>	<u>\$ 97,465</u>

c. Other income

	For the Year Ended December 31	
	2023	2022
Dividend income	\$ 32,389	\$ 43,858
Rental income	26,941	24,583
Government grants income	26,734	22,540
Others	17,158	24,353
	<u>\$ 103,222</u>	<u>\$ 115,334</u>

d. Other gains and losses

	For the Year Ended December 31	
	2023	2022
Net foreign exchange gains	\$ 30,718	\$ 173,022
Gain (loss) on financial assets designated as at FVTPL	55,848	(7,349)
Gain on disposal of financial instruments	7,180	-
Depreciation of investment property	(9,510)	(10,588)
Other losses	(147)	(11)
	<u>\$ 84,089</u>	<u>\$ 155,074</u>

e. Finance costs

For the Year Ended December 31	
2023	2022
Interest on lease liabilities	\$ 3,040
Interest on loans	1,677
Other interest expenses	1,535
\$ 6,252	\$ 3,919

f. Depreciation and amortization

For the Year Ended December 31	
2023	2022
Property, plant and equipment	\$ 311,366
Investment properties	9,510
Right-of-use assets	51,209
Intangible assets	75,416
\$ 447,501	\$ 404,022

An analysis of depreciation by function

Operating expenses	\$ 296,271	\$ 269,262
Operating costs	66,304	75,989
Depreciation of investment property	9,510	10,588
\$ 372,085	\$ 355,839	

An analysis of amortization by function

Operating expenses	\$ 75,297	\$ 46,429
Operating costs	119	1,754
\$ 75,416	\$ 48,183	

g. Employee benefits expense

For the Year Ended December 31	
2023	2022
Short-term benefits	\$ 2,446,749
Post-employment benefits	\$ 2,835,920
Defined contribution plans	63,128
Defined benefit plans (Note 21)	57,312
Share-based payments Equity-settled	395
	(348)
	7,671
	70
\$ 2,517,943	\$ 2,892,954

An analysis of employee benefits expense by function

Operating expenses	\$ 2,247,482	\$ 2,623,892
Operating costs	270,461	269,062
\$ 2,517,943	\$ 2,892,954	

h. Employees' compensation and remuneration of directors

According to the articles of incorporation of the Company, the Company accrued employees' compensation and remuneration of directors at rates of no less than 1% and no higher than 25%, and rates of no higher than 3%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. The employees' compensation and the remuneration of directors for the years ended December 31, 2023 and 2022, which were approved by the Company's board of directors on March 7, 2024 and March 16, 2023, respectively, are as follows:

Amount

	For the Year Ended December 31			
	2023		2022	
	Cash	Shares	Cash	Shares
Employees' compensation	\$ 165,555	\$ -	\$ 317,180	\$ -
Remuneration of directors	24,833	-	58,816	-

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

There is no difference between the actual amounts of employees' compensation and remuneration of directors resolved by the board of directors and the amount recognized in the consolidated financial statements for the years ended December 31, 2023 and 2022.

Information on the employees' compensation and remuneration of directors resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

i. Gains or losses on foreign currency exchange

	For the Year Ended December 31	
	2023	2022
Foreign exchange gains	\$ 369,159	\$ 709,211
Foreign exchange losses	(338,441)	(536,189)
Net benefit	\$ 30,718	\$ 173,022

25. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	For the Year Ended December 31	
	2023	2022
Current tax		
In respect of the current year	\$ 394,917	\$ 845,721
Income tax on unappropriated earnings	24,724	85,126
Adjustments for prior years	(5,340)	(59,865)
	414,301	870,982
Deferred tax		
In respect of the current year	9,720	4,793
Income tax expense recognized in profit or loss	\$ 424,021	\$ 875,775

A reconciliation of accounting profit and income tax expenses is as follows:

	For the Year Ended December 31	
	2023	2022
Profit before tax	\$ 2,840,565	\$ 5,106,478
Income tax expense calculated at the statutory rate	\$ 703,486	\$ 1,204,266
Deductible expenses in determining taxable income	(115,197)	(203,865)
Non-deductible expenses in determining taxable income	-	461
Income tax on unappropriated earnings	24,724	85,126
Impact of the temporary differences	(8,447)	93,942
Effects of investment credits	(174,586)	(243,468)
Unrecognized tax-deductible loss	(619)	(822)
Adjustments for prior years' tax	(5,340)	(59,865)
Income tax expense recognized in profit or loss	\$ 424,021	\$ 875,775

b. Current tax liabilities

	December 31	
	2023	2022
Current tax liabilities		
Income tax payable	\$ 562,401	\$ 984,450

c. Deferred tax assets and liabilities

The movements of deferred tax assets and liabilities were as follows:

For the year ended December 31, 2023

Deferred Tax Assets	January 1, 2023	Recognized in Profit or Loss	Acquired through combination	December 31, 2023
Temporary differences	\$ 9,191	(\$ 3,420)	\$ -	\$ 5,771

Deferred Tax Liabilities	January 1, 2023	Recognized in Profit or Loss	Acquired through combination	December 31, 2023
Temporary differences	\$ 11,697	\$ 6,300	\$ 5,332	\$ 23,329

For the year ended December 31, 2022

Deferred Tax Assets	January 1, 2022	Recognized in Profit or Loss	December 31, 2022
Temporary differences	\$ 12,993	(\$ 3,802)	\$ 9,191

Deferred Tax Liabilities	January 1, 2022	Recognized in Profit or Loss	December 31, 2022
Temporary differences	\$ 10,706	\$ 991	\$ 11,697

- d. Deductible temporary differences for which no deferred assets have been recognized in the consolidated balance sheets

	December 31	
	2023	2022
Deductible temporary differences	\$ 608,482	\$ 646,085

- e. Information on unrecognized deferred income tax liabilities associated with investments

As of December 31, 2023 and 2022, there were no recognized taxable temporary differences associated with investments in subsidiaries for which no deferred tax liabilities were recognized.

- f. Income tax assessments

The Company's tax returns through 2021 have been assessed by the tax authorities.

26. EARNINGS PER SHARE

	Unit: NT\$ Per Share	
	For the Year Ended December 31	
	2023	2022
Basic earnings per share	\$ 15.50	\$ 30.10
Diluted earnings per share	\$ 15.39	\$ 29.57

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share are as follows:

Net Income for the Year

	For the Year Ended December 31	
	2023	2022
Net income for the year	\$ 1,858,341	\$ 3,610,165
Earnings used in the computation of basic earnings per share	\$ 1,858,341	\$ 3,610,165
Effect of potentially dilutive ordinary shares:		
Employees' compensation	-	-
Earnings used in the computation of diluted earnings per share	\$ 1,858,341	\$ 3,610,165

Shares

	Unit: in thousands of shares	
	For the Year Ended December 31	
	2023	2022
Weighted average number of ordinary shares used in the computation of basic earnings per share	119,858	119,928
Effect of potentially dilutive ordinary shares:		
Employees' compensation	881	2,164
Weighted average number of ordinary shares used in the computation of diluted earnings per share	120,739	122,092

Since the Company offered to settle compensation or bonuses paid to employees in cash or shares, the Company assumes the entire amount of the compensation or bonus will be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

27. SHARE-BASED PAYMENT ARRANGEMENTS

a. Employee share option plan of Forcelead Technology Corp.

On April 11, 2023 and August 16, 2022, the board of directors of Forcelead Technology Corp. approved the issuance of 1,000 thousand units of employee share option certificates. Each unit of share option certificate can be exchanged for 1 ordinary share. The share option certificates can be issued all at once or split into several issues after the approval date of the board of directors, the actual issuance date is to be fixed by the Chairman. Eligible employees are limited to full-time employees and those under certain requirements within Forcelead Technology Corp. and the employees of controlling or controlled entity who meet certain terms. The holder of the share option certificates can exercise the options at any time after the date of issuance.

The information on employee share option is summarized as follows:

	2023-Year Share Option Plan		2022-Year Share Option Plan	
	Number of Shares (In Thousands)	Weighted-average Exercise Price (NT\$)	Number of Shares (In Thousands)	Weighted-average Exercise Price (NT\$)
Balance at January 1	-	\$ -	-	\$ -
Options granted	1,000	58.00	1,000	58.00
Options exercised	(1,000)	58.00	(1,000)	58.00
Options forfeited	-	-	-	-
Balance at December 31	-	-	-	-

Per the employee share option plan of 2023, Forcelead Technology Corp. distributed 1,000 thousand units of employee share option certificates to its employees on April 11, 2023. The Black-Scholes Pricing Model was used to calculate the fair values of the employee share options, and the input values used are summarized as follows:

	April 2023
Grant date share price (NT\$)	\$ 65.57
Exercise price (NT\$)	\$ 58.00
Expected volatility rate	33.99%
Option life	0.012 years
Dividend yield	-
Risk-free interest rate	1.02%
Share options fair value (NT\$)	\$ 7.58

Compensation costs of the Group's employee share option plans were \$7,580 thousand in the second quarter of 2023.

Per the employee share option plan of 2022, Forcelead Technology Corp. distributed 1,000 thousand units of employee share option certificates to its employees on August 16, 2022. The Black-Scholes Pricing Model was used to calculate the fair values of the employee share options, and the input values used are summarized as follows:

	August 2022
Grant date share price (NT\$)	\$ 54.83
Exercise price (NT\$)	\$ 58.00
Expected volatility rate	35.61%
Option life	0.012 years
Dividend yield	-
Risk-free interest rate	0.73%
Share options fair value (NT\$)	\$ 0.07

Compensation costs of the Group's employee share option plans were \$70 thousand of 2022.

b. Employee share option plan of Seer Microelectronics, Inc.

The employee share option certificates issued by Seer Microelectronics, Inc. are granted to employees of the Company who meet certain conditions, and the certificate holders can exercise the share options in a certain period and proportion two years after the expiration date of the certificates, and the duration of the share options is six years, after which the unexercised share options shall be deemed to be waived, and the share rights holders shall not claim their share options again.

The information on employee share option is summarized as follows:

	2023-Year Share Option Plan		2022-Year Share Option Plan	
	Number of Shares	Weighted-average Exercise Price	Number of Shares	Weighted-average Exercise Price
	(In Thousands)	(NT\$)	(In Thousands)	(NT\$)
Balance at January 1	76	\$ 8.50	76	\$ 8.50
Options granted	-	-	-	-
Options exercised	-	-	-	-
Canceled of share options	(76)	8.50	-	-
Balance at December 31	-	-	76	8.50

Per the employee share option plan of 2020, Seer Microelectronics, Inc. distributed 176 thousand units of employee share option certificates to its employees on August 31, 2020. The Black-Scholes Pricing Model was used to calculate the fair values of the employee share options, and the input values used are summarized as follows:

	August 2020
Grant date share price (NT\$)	\$ 14.96
Exercise price (NT\$)	\$ 8.50
Expected volatility rate	46.53%
Option life	6years
Dividend yield	-
Risk-free interest rate	0.42%
Share options fair value (NT\$)	\$ 7.2874

Compensation costs of the Group's employee share option plans were \$91 thousand of 2023.

Due to operational consideration, Seer Microelectronics, Inc. abolished the issuance of employee share warrants and share subscription measures on June 14, 2023.

28. BUSINESS COMBINATIONS

a. Subsidiaries acquired

	Principal Activity	Date of Acquisition	Proportion of Voting Equity Interests Acquired (%)	Consideration Transferred
Seer Microelectronics, Inc.	High performance sensor IC with single photon design and applications	July 5, 2023	56.54	<u>\$ 40,000</u>

Seer Microelectronics, Inc were acquired on July 5, 2023 in order to continue the expansion of the Group's activities in scale and product mix.

b. Consideration transferred

	Seer Microelectronics, Inc.
Cash	<u>\$ 40,000</u>

c. Assets acquired and liabilities assumed at the date of acquisition

	Seer Microelectronics, Inc.
Current assets	
Cash and cash equivalents	\$ 41,157
Trade receivables and other receivables	2,093
Inventories	17,550
Other current assets	1,643
Non-current assets	
Plant and Equipment	260
Right-of-use assets	489
Intangible assets	41,601
Other non-current assets	224
Current liabilities	
Short-term borrowings	(20,000)
Trade payables and other payables	(10,768)
Lease liabilities	(284)
Bonds payable	(9,000)
Other current liabilities	(164)
Non-current liabilities	
Lease liabilities	(231)
Deferred tax liabilities	(5,332)
Other non-current liabilities	(1,000)
	<u>\$ 58,238</u>

d. Non-controlling interests

The non-controlling interest (43.46% ownership interest in Seer Microelectronics, Inc.) was measured by proportionate share of Seer Microelectronics, Inc.'s identifiable net assets at the date of acquisition.

e. Goodwill generated from the acquisition

	Seer Microelectronics, Inc.
Consideration transferred	\$ 40,000
Plus: Non-controlling interests (43.46% ownership interest in Seer Microelectronics, Inc.)	25,312
Less: Fair value of identifiable net assets acquired	(58,238)
Goodwill generated from the acquisition	<u>\$ 7,074</u>

The goodwill generated from the acquisitions of Seer Microelectronics, Inc. mainly comes from the control premium.

The goodwill generated from the acquisition is not expected to be tax-deductible.

f. Net cash inflow on the acquisition of subsidiaries

	Seer Microelectronics, Inc.
Consideration paid in cash	\$ 40,000
Less: Cash and cash equivalent balances acquired	(41,157)
	<u>(\$ 1,157)</u>

g. Impact of acquisitions on the results of the Group

The financial results of the acquirees since the acquisition dates, which are included in the consolidated statements of comprehensive income, were as follows:

	Seer Microelectronics, Inc.
Revenue	\$ 482
Profit(loss)	(17,616)

If the acquisition of Seer Microelectronics, Inc. in July 2023 took place on January 1, 2023, the proposed operating revenue and net profit (loss) of the Seer Microelectronics, Inc. for the year ended December 31, 2023 were \$3,341 thousand, and (\$27,949) thousand, respectively.

29. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

On August 6, 2023, the Group did not participate in the cash capital increase of Seer Microelectronics, Inc. in proportion to its existing ownership, the Group's shareholding percentage increased from 56.54% to 72.66%.

On December 14, 2023, due to the Group sold part of the Forcelead Technology Corp.'s shares, the Group's shareholding percentage decreased from 64.00% to 61.01%.

Due to the distribution of employees' compensation in the form of shares by Forcelead Technology Corp.'s on July 20, 2023, the Group's shareholding percentage decreased from 68.76% to 64.00%.

On April 20, 2023, due to the Forcelead Technology Corp.'s employees execute options to issue new shares, the Group's shareholding percentage decreased from 70.76% to 68.76%.

On August 24, 2022, due to the Forcelead Technology Corp.'s employees execute options to issue new shares, the Group's shareholding percentage decreased from 72.88% to 70.76%.

Due to the distribution of employees' compensation in the form of shares by Forcelead Technology Corp. on June 28, 2022, the Group's shareholding percentage decreased from 83.48% to 72.88%.

Due to the distribution of employees' compensation in the form of shares by Sync-Tech system Corp. on July 16, 2023, the Group's shareholding percentage decreased from 42.86% to 42.19%.

Due to the distribution of employees' compensation in the form of shares by Sync-Tech system Corp. on July 17, 2022, the Group's shareholding percentage decreased from 45.73% to 42.86%.

The above transactions were accounted for as equity transactions, since the Group did not cease to have control over these subsidiaries.

For the Year Ended December 31, 2023

	Sync-Tech System Corp.	Forcelead Technology Corp.	Seer Microelectronics, Inc.
Cash consideration received	\$ 1,470	\$ 228,942	\$ 5,000
Non-cash transaction	12,191	128,090	91
The proportionate share of the carrying amount of the net assets of the subsidiary transferred to non-controlling interests	(12,979)	(209,189)	(10,935)
Adjustment of other equity items attributable to owners of the Company - unrealized gain (loss) of financial assets at FVTOCI	-	(113)	-
Differences recognized from equity transactions	<u>\$ 682</u>	<u>\$ 147,730</u>	<u>(\$ 5,844)</u>

Line items adjusted for equity transactions

Capital surplus - differences between consideration received and the carrying amount of subsidiaries' net assets during actual acquisitions or disposals	\$ -	\$ 120,849	\$ -
Capital surplus - changes in percentage of ownership interests in subsidiaries	682	26,881	(5,844)
	<u>\$ 682</u>	<u>\$ 147,730</u>	<u>(\$ 5,844)</u>

For the Year Ended December 31, 2022

	Sync-Tech System Corp.	Forcelead Technology Corp.
Cash consideration received	\$ 1,729	\$ 58,000
Non-cash transaction	44,611	243,094
The proportionate share of the carrying amount of the net assets of the subsidiary transferred to non-controlling interests	(46,010)	(228,051)
Differences recognized from equity transactions	<u>\$ 330</u>	<u>\$ 73,043</u>

Line items adjusted for equity transactions

Capital surplus - changes in percentage of ownership interests in subsidiaries	<u>\$ 330</u>	<u>\$ 73,043</u>
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30. CASH FLOW INFORMATION

a. Changes in liabilities arising from financing activities

For the Year Ended December 31, 2023

	<u>January 1, 2023</u>	<u>Cash Flows</u>	<u>Foreign Exchange Movement</u>	<u>New Leases</u>	<u>Lease Modification</u>	<u>Acquired through combination</u>	<u>December 31, 2023</u>
Short-term borrowings	\$ 18,119	(\$ 38,045)	(\$ 74)	\$ -	\$ -	\$ 20,000	\$ -
Bonds payable	-	(9,000)	-	-	-	9,000	-
Lease liabilities	132,914	(49,924)	(491)	69,128	(353)	515	151,789
Guarantee deposits received	352,371	(58,041)	(6,342)	-	-	-	287,988
	<u>\$ 503,404</u>	<u>(\$ 155,010)</u>	<u>(\$ 6,907)</u>	<u>\$ 69,128</u>	<u>(\$ 353)</u>	<u>\$ 29,515</u>	<u>\$ 439,777</u>

For the Year Ended December 31, 2022

	<u>January 1, 2022</u>	<u>Cash Flows</u>	<u>Foreign Exchange Movement</u>	<u>New Leases</u>	<u>Lease Modification</u>	<u>December 31, 2022</u>
Short-term borrowings	\$ 55,360	(\$ 37,435)	\$ 194	\$ -	\$ -	\$ 18,119
Lease liabilities	165,525	(47,210)	551	20,059	(6,011)	132,914
Guarantee deposits received	316,468	(1,110)	37,013	-	-	352,371
	<u>\$ 537,353</u>	<u>(\$ 85,755)</u>	<u>\$ 37,758</u>	<u>\$ 20,059</u>	<u>(\$ 6,011)</u>	<u>\$ 503,404</u>

31. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of net debt (borrowings offset by cash and cash equivalents) and equity of the Group (comprising issued capital, reserves, retained earnings and other equity).

The Group is not subject to any externally imposed capital requirements.

32. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

The management considers that the carrying amounts of financial assets and financial liabilities recognized in the financial statements are relatively close to their fair values.

b. Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2023

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at FVTPL</u>				
Domestic corporate funds	\$ 241,345	\$ -	\$ -	\$ 241,345
Convertible bonds	113,786	-	-	113,786
Exchangeable bonds	41,520	-	-	41,520
Domestic listed shares	2,655	-	-	2,655
Limited partnership	-	-	82,174	82,174
Derivative instrument				
Credit linked notes - linked with convertible bonds	-	391,211	-	391,211
Foreign exchange forward contracts and foreign exchange swap contracts	-	37,811	-	37,811
Equity linked notes	-	15,466	-	15,466
	<u>\$ 399,306</u>	<u>\$ 444,488</u>	<u>\$ 82,174</u>	<u>\$ 925,968</u>

Financial assets at FVTOCI

<u>Investments in equity instruments at FVTOCI</u>				
Domestic listed shares	\$ 561,273	\$ -	\$ -	\$ 561,273
Foreign listed shares	-	-	-	-
Domestic unlisted equity investments	-	-	218,352	218,352
Foreign unlisted equity investments	-	-	572,725	572,725
<u>Investments in debt instruments at FVTOCI</u>				
Domestic corporate bonds	-	49,738	-	49,738
Foreign corporate bonds	-	468,860	-	468,860
	<u>\$ 561,273</u>	<u>\$ 518,598</u>	<u>\$ 791,077</u>	<u>\$ 1,870,948</u>

Financial liabilities at FVTPL

<u>Derivative instruments</u>				
Foreign exchange forward contracts and foreign exchange swap contracts	<u>\$ -</u>	<u>\$ 27,793</u>	<u>\$ -</u>	<u>\$ 27,793</u>

December 31, 2022

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at FVTPL</u>				
Domestic corporate funds	\$ 190,223	\$ -	\$ -	\$ 190,223
Convertible bonds	104,835	-	-	104,835
Exchangeable bonds	40,080	-	-	40,080
Domestic listed shares	2,197	-	-	2,197
Limited partnership	-	-	34,768	34,768
Derivative instrument				
Credit linked notes - linked with convertible bonds	-	423,205	-	423,205

(Continued)

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Foreign exchange forward contracts and foreign exchange swap contracts	\$ -	\$ 49,170	\$ -	\$ 49,170
Equity linked notes	-	15,355	-	15,355
	<u>\$ 337,335</u>	<u>\$ 487,730</u>	<u>\$ 34,768</u>	<u>\$ 859,833</u>

Financial assets at FVTOCI

Investments in equity instruments at FVTOCI				
Domestic listed shares	\$ 474,029	\$ -	\$ -	\$ 474,029
Foreign listed shares	-	-	-	-
Domestic unlisted equity investments	-	-	193,708	193,708
Foreign unlisted equity investments	-	-	446,614	446,614
Investments in debt instruments at FVTOCI				
Foreign corporate bonds	-	399,957	-	399,957
	<u>\$ 474,029</u>	<u>\$ 399,957</u>	<u>\$ 640,322</u>	<u>\$ 1,514,308</u>

Financial liabilities at FVTPL

Derivative instruments				
Foreign exchange forward contracts and foreign exchange swap contracts	\$ -	\$ 37,725	\$ -	\$ 37,725
				(Concluded)

For the years ended December 31, 2023 and 2022, there were no transfers between Level 1 and Level 2 fair value measurements.

2) Valuation techniques and inputs applied for Level 2 fair value measurement

<u>Financial Instruments</u>	<u>Valuation Techniques and Inputs</u>
Foreign corporate bonds	Based on the public market quotes provided by third-party agencies.
Credit linked notes - linked with Convertible bonds	Based on the public market quotation of convertible bond, the parameters of the repurchase, the coupon interest and the interest compensation are considered as the basis for fair value measurement.
Equity linked notes	Based on the public market quotation of stock, the parameters of the repurchase and the interest compensation are considered as the basis for fair value measurement.
Derivatives - foreign exchange forward contracts and foreign exchange swap contracts	Discounted cash flow method: Estimate the future cash flow at the end of the period by observing the forward exchange rate and the exchange rate and interest rate set by the contract, and have already discounted the discount rate of each counterparty's credit risk.

3) Valuation techniques and inputs applied for Level 3 fair value measurement

Domestic and foreign unlisted equity investments are evaluated by the net asset value method. The management of the Group evaluates the target of such equity investments with the active market quotation, and the net asset amount tends to the fair value of the equity investments.

Domestic unlisted equity investment and the domestic limited partnership is valued using the net asset value method. The management of the Group evaluates that the amount of the net assets of this investment is equivalent to its fair value. The evaluation covers the total value of the investment's individual assets and liabilities, which reflects the value of the entity or business.

4) Adjustment of financial instruments measured using Level 3 fair values

The Group's financial assets under level 3 fair value measurement are financial assets at FVTPL and equity instruments measured at fair value through other comprehensive income.

For the Year Ended December 31, 2023

	Financial instruments at FVTPL	Financial instruments at FVTOCI	Total
Balance at January 1	\$ 34,768	\$ 640,322	\$ 675,090
Additions	40,000	-	40,000
Disposal	(467)	-	(467)
Recognized under profit or loss	7,873	-	7,873
Recognized under other comprehensive income	-	150,755	150,755
Balance at December 31	<u>\$ 82,174</u>	<u>\$ 791,077</u>	<u>\$ 873,251</u>

For the Year Ended December 31, 2022

	Financial instruments at FVTPL	Financial instruments at FVTOCI	Total
Balance at January 1	\$ 18,067	\$ 790,532	\$ 808,599
Additions	20,000	15,000	35,000
Recognized under profit or loss	(3,299)	-	(3,299)
Recognized under other comprehensive income	-	(165,210)	(165,210)
Balance at December 31	<u>\$ 34,768</u>	<u>\$ 640,322</u>	<u>\$ 675,090</u>

c. Categories of financial instruments

	December 31	
	2023	2022
<u>Financial assets</u>		
Financial assets at FVTPL		
Mandatorily classified as at FVTPL	\$ 925,968	\$ 859,833
Financial assets at amortized cost (1)	10,909,899	10,097,562
Financial assets at FVTOCI		
Equity instruments	1,352,350	1,114,351
Debt instruments	518,598	399,957

(Continued)

	December 31	
	2023	2022
<u>Financial liabilities</u>		
Financial liabilities at FVTPL		
Held for trading	\$ 27,793	\$ 37,725
Financial liabilities at amortized cost (2)	2,713,322	1,757,343
		(Concluded)

- 1) The balances include financial assets measured at amortized cost, which comprise cash and cash equivalents, pledged fixed deposits, time deposits with original maturities of more than 3 months notes and trade receivables (including receivables from related parties), other receivables, other current assets and refundable deposits.
- 2) The balances include financial liabilities at amortized cost, which comprise short-term borrowings, notes and trade payables, other payables (including other payables to related parties), other current liabilities and guarantee deposits.

d. Financial risk management objectives and policies

The Group's major financial instruments include equity and debt investments, trade receivables, trade payables and borrowings. The Group's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Group seeks to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Group's policies approved by the board of directors, which provided written principles on foreign currency risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The Group did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below). The Group entered into a variety of derivative financial instruments to manage its exposure to foreign currency risk and interest rate risk.

There has been no change in the Group's exposure to market risks or the manner in which these risks are managed and measured.

a) Foreign currency risk

The Group's operating activities are partially denominated in foreign currencies and thus have partial natural hedging effects.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) and of the derivatives exposed to foreign currency risk at the end of the reporting period are set out in Note 36.

Sensitivity analysis

The Group was mainly exposed to the USD, JPY and CNY.

The following table details the Group's sensitivity to a 5% increase and decrease in the New Taiwan dollar (i.e. the functional currency) against the relevant foreign currencies. The sensitivity analysis included only outstanding foreign currency denominated monetary items, and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rates. A positive (negative) number below indicates an increase (decrease) in pre-tax profit and other equity associated with the New Taiwan dollar weakening (strengthening) 5% against the relevant currency.

	USD Impact		JPY Impact		CNY Impact	
	For the Year Ended		For the Year Ended		For the Year Ended	
	December 31		December 31		December 31	
	2023	2022	2023	2022	2023	2022
Profit or loss	\$ 33,535	\$ 56,794	\$ 792	\$ 683	\$ 13,303	\$ 9,096

b) Interest rate risk

The Group was exposed to interest rate risk because the Group borrowed funds at both fixed and floating interest rates.

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	December 31	
	2023	2022
Fair value interest rate risk		
Financial assets	\$ 6,346,975	\$ 5,658,100
Financial liabilities	151,789	151,061
Cash flow interest rate risk		
Financial assets	2,830,895	2,841,123

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rates for both derivative and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the reporting period was outstanding for the whole year.

If interest rates had been 0.1% higher/lower and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2023 and 2022 would increase/decrease by \$2,831 thousand and \$2,841 thousand, respectively, which was mainly attributable to the Group's exposure to interest rates on variable-rate net assets. The Group's pre-tax other comprehensive income for the years ended December 31, 2023 and 2022 would decrease/increase by \$519 thousand and \$400 thousand, respectively, which was mainly due to the changes in the fair value of investments in fixed-rate debt instruments at FVTOCI.

c) Other price risk

The Group was exposed to equity price risk through its investments in listed equity securities, convertible bonds, exchangeable bonds structured notes of listed companies and mutual fund investments. The Group does not actively trade these investments. The Group's equity price risk is mainly concentrated in equity instruments operating in the semiconductor industry, finance

and insurance industries structured notes, structured notes and exchange-traded funds quoted on the Taiwan Stock Exchange and the Taipei Exchange.

Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to equity price risks at the end of the reporting period.

If equity prices had been 5% higher/lower, pre-tax income for the years ended December 31, 2023 and 2022 would have increased/decreased by \$40,299 thousand and \$38,795 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL. Pre-tax other comprehensive income for the years ended December 31, 2023 and 2022 would have increased/decreased by \$28,064 thousand and \$23,701 thousand, respectively, as a result of the changes in the fair value of financial assets at FVTOCI.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to the failure of the counterparty to discharge its obligation and due to the financial guarantees provided by the Group, could be equal to the carrying amount of the respective recognized financial assets as stated in the balance sheets.

To mitigate credit risk, the management of the Group assigns a dedicated team responsible for credit line decisions, credit approvals and other monitoring procedures to ensure appropriate actions are taken for the collections of overdue receivables. In addition the Group reviews conditions on each collecting receivable to ensure the uncollectible amounts are provided with appropriate impairment losses. Accordingly, the management of the Group believes that the credit risk of the Group has been significantly reduced.

In addition, since the counterparties of liquidity and derivative financial instruments are banks with sound credit ratings, the credit risk is limited.

Apart from customers whose accounts receivable constitute more than 10% of the Group's total trade receivables, the Group did not have significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group's concentration of credit risk was 18% and 16% of total trade receivables as of December 31, 2023 and 2022, respectively. The credit risk is minimal because the customers which account for more than 10% of the Group's trade receivables balance are creditworthy companies.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liquidity. As of December 31, 2023 and 2022, the Group had available unutilized short-term bank loan facilities set out in (c) below.

a) Liquidity and interest rate risk tables for non-derivative financial liabilities

The following table details the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be

required to pay. The table included both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

December 31, 2023

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	Over 5 Years	Total
<u>Non-derivative financial liabilities</u>						
Non-interest bearing liabilities	\$ 1,292,511	\$ 1,275,794	\$ 888,507	\$ -	\$ -	\$3,456,812
Lease liabilities	4,462	8,714	34,977	66,255	43,480	157,888

December 31, 2022

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	Total
<u>Non-derivative financial liabilities</u>					
Non-interest bearing liabilities	\$ 917,812	\$ 710,676	\$ 1,223,214	\$ -	\$ 2,851,702
Lease liabilities	4,140	8,137	35,289	89,558	137,124
Fixed interest rate liabilities	18,147	-	-	-	18,147

The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities were subject to change if changes in variable interest rates were to differ from those estimates of interest rates determined at the end of the reporting period.

b) Liquidity and interest rate risk table for derivative financial liabilities

The following table details the Group's liquidity analysis of its derivative financial instruments. The table is based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed is determined by reference to the projected interest rates as illustrated by the yield curves at the end of the reporting period.

December 31, 2023

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years
<u>Foreign exchange forward contracts and foreign exchange swaps contracts</u>				
Inflows	\$ 305,895	\$ 1,143,430	\$ 1,359,840	\$ -
Outflows	(304,550)	(1,139,240)	(1,355,357)	-
	<u>\$ 1,345</u>	<u>\$ 4,190</u>	<u>\$ 4,483</u>	<u>\$ -</u>

December 31, 2022

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years
Foreign exchange forward contracts and foreign exchange swaps contracts				
Inflows	\$ 526,353	\$ 693,678	\$ 1,453,231	\$ -
Outflows	(524,836)	(690,702)	(1,446,279)	-
	<u>\$ 1,517</u>	<u>\$ 2,976</u>	<u>\$ 6,952</u>	<u>\$ -</u>

c) Financing facilities

	December 31	
	2023	2022
Unsecured bank overdraft facilities, reviewed annually and payable on demand:		
Amount used	\$ 165,000	\$ 323,119
Amount unused	6,575,373	6,602,121
	<u>\$ 6,740,373</u>	<u>\$ 6,925,240</u>

The amount of used bank facilities includes a performance guarantee of \$165,000 thousand and 305,000 thousand which were guaranteed by the bank in respect of the Supplier purchase guarantee letter opened by the Group as of December 31, 2023 and 2022.

33. TRANSACTIONS WITH RELATED PARTIES

In addition to those disclosed in other notes, detail of transactions between the Group and related parties are disclosed below:

a. Related party name and category

Related Party Name	Related Party Category
Silicon Power Computer & Communications Inc.	Substantive related party
ezGlobal Corp.	Substantive related party
esGMeta Co.,Ltd.	Associates

b. Sales of goods

	For the Year Ended December 31	
Related Party Category	2023	2022
Substantive related party	\$ 6,363	\$ 3,084

The transactions for related parties were negotiated under the terms of general transactions and prices.

c. Operating expenses

	For the Year Ended December 31	
Related Party Category	2023	2022
Substantive related party	\$ 1,033	\$ 986

The transactions in which the Group made payments of operating expenses to a related party were subject to a contractual agreement as there were no similar transactions for comparison.

d. Other income

Related Party Category	For the Year Ended December 31	
	2023	2022
Associates	\$ 4,750	\$ -

In December 2023, the Group invested in associates through technical pricing and recognized other income of 9,048 thousand. However, as this income will be realized over time, 4,298 thousand will be deferred proportionally according to the shareholding ratio. The transaction was subject to the contractual agreement as there were no similar transactions for comparison.

e. Trade receivables from related parties

Related Party Category	Line Item	December 31	
		2023	2022
Substantive related party	Trade receivables from related parties	\$ 1,782	\$ 1,469

The outstanding trade receivables from related parties were unsecured. No impairment losses were recognized for trade receivables from related parties.

f. Prepayments

Related Party Category	December 31	
	2023	2022
Substantive related party	\$ 20	\$ 258

g. Trade payables to related parties

Related Party Category	Line Item	December 31	
		2023	2022
Substantive related party	Other payables to related parties	\$ 353	\$ 182

The outstanding trade payables to related parties are unsecured.

h. Lease arrangement - the Group is lessor

Operating lease rental

Future lease receivables are as follows:

Related Party Category	December 31	
	2023	2022
Substantive related party	\$ 508	\$ 508

Lease income was as follows:

Related Party Category	For the Year Ended December 31	
	2023	2022
Substantive related party	\$ 2,039	\$ 2,036

The terms of transactions between the Group and its related parties for the collection of rent are based on the terms of contractual agreements as there were no similar transactions for comparison.

Related Party Category	For the Year Ended December 31	
	2023	2022
Deposit interest		
Substantive related party	\$ 5	\$ 3

i. Guarantee deposits received

Related Party Category	December 31	
	2023	2022
Substantive related party	\$ 356	\$ 356

The guarantee deposits received are mainly generated from the rental deposits.

j. Remuneration of key management personnel

	For the Year Ended December 31	
	2023	2022
Short-term employee benefits	\$ 211,054	\$ 260,418
Post-employment benefits	2,079	1,796
Share-based payments	1,455	8
	\$ 214,588	\$ 262,222

The remuneration of directors and key executives was determined by the performance of individuals and the Group's profits.

34. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for the tariff of imported raw materials guarantees:

	December 31	
	2023	2022
Pledged deposits	\$ 828,690	\$ 757,789

Pledged fixed deposits are classified as financial assets measured at amortized cost - current.

35. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACTUAL COMMITMENTS

In addition to those disclosed in other notes, the significant commitments of the Group at the balance sheet date are as follows:

a. Long-term purchase agreements

The Group entered into long-term purchase agreements of materials with suppliers during 2021. Both parties agreed that during the contract period, the suppliers would deliver the materials to the Group in accordance with the agreements. The Group has paid the suppliers USD37,781 thousand as guarantee to ensure the supply of materials. The rights and obligations of both parties are based on the content of each agreement. Presented by prepayment for purchase and refundable deposits were USD15,000 thousand and USD22,781 thousand, respectively.

As of December 31, 2023, the Group assesses that prepayment for purchase made under signed capacity guarantee agreements was written off due to estimated unrealizability, the impairment loss was classified as cost of goods sold. This estimation could be adjusted due to the market demand fluctuates in the future. As of December 31, 2023, the balance of the prepayment for purchase was USD184 thousand.

As of December 31, 2023, the balance of the refundable deposits was USD 16,488 thousand.

b Long-term supply agreements

The Group entered into long-term supply agreements of products with clients from 2021 to 2022. Both parties agreed that during the contract period, the Group would deliver the products to clients in accordance with the agreements. The Group has collected USD3,347 thousand as guarantee to ensure the supply of products. The rights and obligations of both parties are based on the content of each agreement.

As of December 31, 2023, the balance of the guarantee deposits received was USD1,613 thousand.

c Acquisition of Property

Forcelead Technology Corp's Board of Directors approved on September 6, 2023 to purchase the office premises and entered into a purchase agreement with Winsome Development Co., Ltd. to acquire office on the 8th and 9th floors and parking spaces of Building 2B, Phase 10 of Tai Yuen Hi-Tech Industrial Park, in the amounting of NT\$937,250 thousand (including tax). As of December 31, 2023, \$121,870 thousand was paid as consideration.

36. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

	December 31			
	2023		2022	
	Foreign Currency	Exchange Rate	Foreign Currency	Exchange Rate
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$ 99,508	30.705	\$ 85,538	30.710
JPY	134,167	0.2172	90,498	0.2324
CNY	61,502	4.327	41,270	4.408

(Continued)

December 31				
	2023		2022	
	Foreign Currency	Exchange Rate	Foreign Currency	Exchange Rate
<u>Non-monetary items</u>				
USD	\$ 28,932	30.705	\$ 22,770	30.710
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD	77,665	30.705	48,551	30.710
JPY	61,276	0.2172	31,704	0.2324
CNY	15	4.327	-	4.408
				(Concluded)

The Group is mainly exposed to the USD, CNY and JPY. The following information was aggregated by the functional currencies of the Group, and the exchange rates between the respective functional currencies and the presentation currency were disclosed. The significant realized and unrealized foreign exchange gains (losses) were as follows:

For the Year Ended December 31				
	2023		2022	
	Exchange Rate	Net Foreign Exchange Gains (Losses)	Exchange Rate	Net Foreign Exchange Gains (Losses)
NTD	1 (NTD:NTD)	\$ 28,296	1 (NTD:NTD)	\$ 172,140
CNY	4.327 (CNY:NTD)	2,422	4.408 (CNY:NTD)	882
		<u>\$ 30,718</u>		<u>\$ 173,022</u>

37. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions and b. information on investees:

- 1) Financing provided to others: Table 1 (attached)
- 2) Endorsements/guarantees provided: Table 2 (attached)
- 3) Marketable securities held (excluding investment in subsidiaries): Table 3 (attached)
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: None
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: Table 4 (attached)
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 5 (attached)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None

- 9) Trading in derivative instruments: Note 7 and Note 32.
- 10) Intercompany relationships and significant intercompany transactions: Table 6 (attached)
- 11) Information on investees: Table 7 (attached)
- c. Information on investments in mainland China: Table 8 and 9 (attached)

In the preparation of the consolidated financial statements, major transactions between parent and subsidiary companies and their balances have been fully eliminated.

- d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: Table 10 (attached)

38. SEGMENT INFORMATION

- a. Segment revenues, results and assets

The operating decision makers of the Group use the distribution of resources and the evaluation of segment performance to focus on the financial information of the Group as a whole, while individual companies have similar economic characteristics, and individual companies have used similar processes to produce similar products and sell them through the same sales method, so the Company and its subsidiaries are reported by the single operating department.

The Company and its subsidiaries provide the segment information reviewed by the operating decision maker on the same basis as the financial statements, and the profit and loss, assets and liabilities of the operating department are measured on the same basis as the combined financial Report preparation, Therefore, the segment income and operating results for the years ended December 31, 2023 and 2022 can be referenced by the combined consolidated income and loss Statement for the years ended December 31, 2023 and 2022.

Segment assets that should be reported can be found in the consolidated balance sheets for the years ended December 31, 2023 and 2022.

- b. Revenue from major products and services

The following was an analysis of the Group's revenue and results from continuing operations by reportable segment:

	For the Year Ended December 31	
	2023	2022
Integrated circuits	\$ 16,169,905	\$ 17,520,329
Others	552,986	507,498
	<u>\$ 16,722,891</u>	<u>\$ 18,027,827</u>

- c. Geographical information

The Group's net operating revenue from external customers by location based on the location where the goods were shipped as designated by the customers and information about its non-current assets by location of assets are detailed below:

	Revenue from External Customers		Non-current Assets	
	For the Year Ended		December 31	
	December 31		December 31	
	2023	2022	2023	2022
Hong Kong	\$ 13,451,241	\$ 14,708,794	\$ -	\$ -
Vietnam	988,167	999,340	-	-
Taiwan	880,864	1,001,199	2,567,515	2,413,893
China	453,694	539,207	287,544	324,513
South Korea	456,321	326,707	-	-
Others	492,604	452,580	-	-
	<u>\$ 16,722,891</u>	<u>\$ 18,027,827</u>	<u>\$ 2,855,059</u>	<u>\$ 2,738,406</u>

Non-current assets exclude financial instruments and other assets.

d. Information on major customers

Single customer contributed 10% or more to the Group's revenue is below:

Customer Name	For the Year Ended December 31			
	2023		2022	
	Amount	As a percentage of net sales (%)	Amount	As a percentage of net sales (%)
A	\$ 1,589,793	10	\$ 1,819,027	10

SITRONIX TECHNOLOGY CORPORATION AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS

FOR THE YEAR ENDED DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Amount Borrowed	Interest Rate	Nature of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limits
													Item	Value		
0	The Company	mCore Technology Corp. Scer Microelectronics, Inc. INFStironix Technology Corp.	Other receivables from related parties Other receivables from related parties Other receivables from related parties	Yes Yes Yes	\$ 100,000 60,000 100,000	\$ 50,000 60,000 100,000	\$ - - 6,000	- - 1.95%	For financing For financing For financing	\$ - - -	Working capital Working capital Working capital	\$ - - -	- - -	\$ 2,199,038 2,199,038 2,199,038	\$ 4,398,075 4,398,075 4,398,075	

Note 1: The description is as follows

1. Lender is numbered as 0.
2. Investee is numbered sequentially from 1.

Note 2: According to the "Financing providing and operation management method", the total amount and the available amount to any individual for lending are as follows:

1. The total amount for lending shall not exceed forty percent of SITRONIX's net worth. However the total amount lendable to any subsidiary for short-term financing could upper to the total available amount of the company.
2. The total amount for lending to or lending from any directly or indirectly hold foreign subsidiaries with 100% ownership, shall not exceed 40% of the net worth of the lending company. The total amount for lending to any individual shall not exceed 50% of the total available amount.
3. Where funds are lent to a company or business with business relationships with the Company, the total amount for lending to any individual shall not exceed the amount of business transaction between the two parties. Amount of business transaction defines the highest amount of purchase or sales.
4. The total amount for lending to any individual shall not exceed 50% of the Company's net worth for the company or firm that needs short-term financing.

SITRONIX TECHNOLOGY CORPORATION AND SUBSIDIARIES

**ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2023**

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Endorser/ Guarantor	Endorsee/Guaranteee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Note 2)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Amount Borrowed	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 2)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship										
0	The Company	HeFei Sitronix Technology Co., Ltd.	Subsidiary	\$ 5,497,594	\$ 100,000	\$ 100,000	\$ -	\$ -	0.91	\$ 5,497,594	Yes	-	Yes
		mCore Technology Corp.	Subsidiary	5,497,594	100,000	100,000	11,564	-	0.91	5,497,594	Yes	-	-
		HeFei Sitronix Co., Ltd.	Subsidiary	5,497,594	400,000	400,000	75,227	-	3.64	5,497,594	Yes	-	Yes
		Seer Microelectronics, Inc.	Subsidiary	5,497,594	200,000	200,000	-	-	1.82	5,497,594	Yes	-	-
		INFSitronix Technology Corp.	Subsidiary	5,497,594	100,000	100,000	4,606	-	0.91	5,497,594	Yes	-	-

Note 1: The description is as follows

1. Lender is numbered as 0.
2. Investee is numbered sequentially from 1.

Note 2: According to the “endorsement guarantee operation management measures” of Sitronix Technology Corp. The total amount of endorsement guarantee shall not exceed 50% of the net value in the latest year’s financial statements audited by CPA. The amount of endorsement guarantee for a single enterprise shall not exceed 25% of the net value of the latest year’s financial statements audited by CPA. However, the amount of endorsement guarantee for the company that directly and indirectly holds more than 50% of the voting shares of a company shall not exceed 50% of the net value of the latest year’s financial statements audited by CPA.

SITRONIX TECHNOLOGY CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023			Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value
The Company	Bond FORCAY 3.375% 04/22/2025, USD Bond	-	Financial assets at amortized cost - non-current	-	\$ 30,870	-	\$ 30,870
	TSMC ARIZONA CORP 4.125% 04/22/2029, USD Bond	-	Investments in debt instruments at fair value through other comprehensive income - non-current	-	30,189	-	30,189
	TAIWAN MOBILE first Unsecured Straight Corporate Bond in 2023	-	Investments in debt instruments at fair value through other comprehensive income - non-current	-	49,738	-	49,738
	GS 5.8% 12/18/2033, USD Bond	-	Investments in debt instruments at fair value through other comprehensive income - non-current	-	31,491	-	31,491
	Chaillese Holding Company Limited first Unsecured Convertible Bond	-	Financial assets at fair value through profit or loss - current	100,000	9,910	-	9,910
	Topco Technologies Corp. first Unsecured Convertible Bond	-	Financial assets at fair value through profit or loss - current	200,000	21,840	-	21,840
	Yulon Motor Co., Ltd. third Unsecured Convertible Bond	-	Financial assets at fair value through profit or loss - current	65,000	6,939	-	6,939
	Gloria Material Technology Corp. seventh Unsecured Convertible Bond	-	Financial assets at fair value through profit or loss - current	100,000	10,665	-	10,665
	Emoconn Corporation fifth Unsecured Convertible Bond	-	Financial assets at fair value through profit or loss - current	100,000	10,885	-	10,885
	Yulon Finance Corp. second Unsecured Convertible Bond	-	Financial assets at fair value through profit or loss - current	100,000	10,170	-	10,170
	Taishin Financial Holding Co., Ltd. first Unsecured Exchangeable Bond	-	Financial assets at fair value through profit or loss - current	200,000	20,760	-	20,760
	Derivatives 6M USD FCN [GOOG+AMD+QCOM] 14.88% 06/20/2024	-	Financial assets at fair value through profit or loss - current	-	15,466	-	15,466
	Taishin Financial Holding Co., Ltd. E1 Credit Linked Structured Product	-	Financial assets at fair value through profit or loss - non-current	-	35,106	-	35,106
	Gemtek Technologies Co., Ltd. sixth Credit Linked Structured Product	-	Financial assets at fair value through profit or loss - non-current	-	10,031	-	10,031
	Gloria Material Technology Corp. seventh Credit Linked Structured Product	-	Financial assets at fair value through profit or loss - non-current	-	25,233	-	25,233
	Emoconn Corporation fifth Credit Linked Structured Product	-	Financial assets at fair value through profit or loss - non-current	-	20,091	-	20,091
	Yulon Finance Corp. second Credit Linked Structured Product	-	Financial assets at fair value through profit or loss - non-current	-	20,094	-	20,094

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023			Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	
The Company	Sercomm Corp. sixth Credit Linked Structured Product	-	Financial assets at fair value through profit or loss - non-current	-	\$ 15,017	-	Note 1
	Taiwan Mask Corp. third Credit Linked Structured Product	-	Financial assets at fair value through profit or loss - current	-	40,154	-	Note 1
	Ultra Chip, Inc. second Credit Linked Structured Product	-	Financial assets at fair value through profit or loss - current	-	30,142	-	Note 1
	Wah Lee Industrial Corp. third Credit Linked Structured Product	-	Financial assets at fair value through profit or loss - current	-	20,062	-	Note 1
	Fund						
	KGI Taiwan Assets Fund	-	Financial assets at fair value through profit or loss - current	5,503,962	65,634	-	Note 1
	UPAMC Taiwan Smart Strategy fund	-	Financial assets at fair value through profit or loss - current	1,000,000	11,430	-	Note 1
	UPAMC CB Strategy fund	-	Financial assets at fair value through profit or loss - current	10,000,000	110,498	-	Note 1
	Cathay U.S. Treasury 20+ Year Bond ETF	-	Financial assets at fair value through profit or loss - current	530,000	16,859	-	Note 1
	Jih Sun Vietnam Opportunity Fund A (TWD)	-	Financial assets at fair value through profit or loss - current	1,202,815	9,839	-	Note 1
	Stock						
	Fubon Financial Holding Co., Ltd.	-	Financial assets at fair value through profit or loss - current	7,354	476	-	Note 1
	Silicon Power Computer & Communications Inc.	Substantive related party	Investments in equity instruments at fair value through other comprehensive income - current	4,198,701	154,932	-	Note 1
	Taishin Financial Holding Co., Ltd. Preferred Share E	-	Investments in equity instruments at fair value through other comprehensive income - current	189,000	9,658	-	Note 1
	Taishin Financial Holding Co., Ltd. Preferred Share F (2)	-	Investments in equity instruments at fair value through other comprehensive income - current	474,000	21,638	-	Note 1
	WPG Holdings Limited Preferred Share A	-	Investments in equity instruments at fair value through other comprehensive income - current	690,000	32,430	-	Note 1
	Chailease Holding Company Limited Preferred Share A	-	Investments in equity instruments at fair value through other comprehensive income - current	250,000	24,475	-	Note 1
	WT Microelectronics Co., Ltd. Preferred Share A	-	Investments in equity instruments at fair value through other comprehensive income - current	1,000,000	45,650	-	Note 1
	Fubon Financial Holding Co., Ltd. Preferred Share A	-	Investments in equity instruments at fair value through other comprehensive income - current	175,000	10,692	-	Note 1
	Cathay Financial Holding Co., Ltd. Preferred Share A	-	Investments in equity instruments at fair value through other comprehensive income - current	131,000	7,808	-	Note 1
	Nan Ya Plastics Corporation	-	Investments in equity instruments at fair value through other comprehensive income - current	150,000	9,975	-	Note 1

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023			Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	
The Company	Kwong Lung Enterprise Co., Ltd	-	Investments in equity instruments at fair value through other comprehensive income - current	146,000	\$ 8,307	-	Note 1
	G-tech Electronics Co., Ltd.	-	Investments in equity instruments at fair value through other comprehensive income - current	307,000	-	2	-
	<u>Equity Investment</u> HANS GLOBAL SELECT FUND LIMITED	-	Investments in equity instruments at fair value through other comprehensive income - non-current	120,000	296,877	-	Note 3
	Fong Huang Innovation Investment Co., Ltd.	-	Investments in equity instruments at fair value through other comprehensive income - non-current	3,000,000	35,565	9	Note 3
	Fong Huang II Innovation Investment Co., Ltd.	-	Investments in equity instruments at fair value through other comprehensive income - non-current	3,000,000	34,658	7	Note 3
Sitronix Investment Corp.	Top Taiwan XIII Venture Capital Co., Ltd.	-	Investments in equity instruments at fair value through other comprehensive income - non-current	10,000,000	94,844	12	Note 3
	Fong Huang IV Innovation Investment Co., Ltd.	-	Investments in equity instruments at fair value through other comprehensive income - non-current	1,500,000	18,627	6	Note 3
	<u>Limited Partnership</u> CDIB-Innolux Limited Partnership	-	Financial assets at fair value through profit or loss - non-current	4,953,300	60,965	-	Note 3
	Megawood Green Technology Fund L.P.	-	Financial assets at fair value through profit or loss - non-current	2,250,000	21,209	-	Note 3
	<u>Equity Investment</u> HANS GLOBAL SELECT FUND LIMITED	-	Investments in equity instruments at fair value through other comprehensive income - non-current	111,500	275,848	-	Note 3
Sensortek Technology Corp.	<u>Bond</u> HSBC 3.75% 05/24/2024 USD Bond	-	Investments in debt instruments at fair value through other comprehensive income - current	-	15,237	-	Note 1
	TSMC ARIZONA CORP 4.125% 04/22/2029 USD Bond	-	Investments in debt instruments at fair value through other comprehensive income - non-current	-	30,189	-	Note 1
	TSMC ARIZONA CORP 3.875% 04/22/2027 USD Bond	-	Investments in debt instruments at fair value through other comprehensive income - non-current	-	30,084	-	Note 1
	China Huadian Corporation 3.375% Perpetual USD Bond	-	Investments in debt instruments at fair value through other comprehensive income - non-current	-	29,701	-	Note 1
	CITI 2.80% 06/15/2025 USD Bond	-	Investments in debt instruments at fair value through other comprehensive income - non-current	-	29,473	-	Note 1
	TSMC ARIZONA CORP 2.5% 10/25/2031 USD Bond	-	Investments in debt instruments at fair value through other comprehensive income - non-current	-	26,419	-	Note 1

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023			Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	
Sensortek Technology Corp.	FORCAY 3.375% 04/22/2025 USD Bond	-	Investments in debt instruments at fair value through other comprehensive income - non-current	-	\$ 15,007	-	Note 1
	GS 5.8% 12/18/2033, USD Bond	-	Investments in debt instruments at fair value through other comprehensive income - non-current	-	31,491	-	Note 1
	Chailease Holding Company Limited first Unsecured Convertible Bond	-	Financial assets at fair value through profit or loss - current	287,000	28,442	-	Note 1
	Gloria Material Technology Corp. seventh Unsecured Convertible Bond	-	Financial assets at fair value through profit or loss - current	100,000	10,665	-	Note 1
	Yulon Motor Co., Ltd. third Unsecured Convertible Bond	-	Financial assets at fair value through profit or loss - current	40,000	4,270	-	Note 1
	Taishin Financial Holding Co., Ltd. first Unsecured Exchangeable Bond	-	Financial assets at fair value through profit or loss - current	200,000	20,760	-	Note 1
	Derivatives	-	Financial assets at fair value through profit or loss - current	-	30,105	-	Note 1
	Taiwan Mask Corp. third Credit Linked Structured Product	-	Financial assets at fair value through profit or loss - current	-	30,142	-	Note 1
	Ultra Chip, Inc. second Credit Linked Structured Product	-	Financial assets at fair value through profit or loss - current	-	20,062	-	Note 1
	Wah Lee Industrial Corp. third Credit Linked Structured Product	-	Financial assets at fair value through profit or loss - current	-	35,106	-	Note 1
	Taishin Financial Holding Co., Ltd. E1 Credit Linked Structured Product	-	Financial assets at fair value through profit or loss - non-current	-	9,585	-	Note 1
	RTdisplay Corporation second Credit Linked Structured Product	-	Financial assets at fair value through profit or loss - non-current	-	15,017	-	Note 1
	Sercomm Corp. sixth Credit Linked Structured Product	-	Financial assets at fair value through profit or loss - non-current	-	10,031	-	Note 1
	Gemtek Technologies Co., Ltd. sixth Credit Linked Structured Product	-	Financial assets at fair value through profit or loss - non-current	-	25,233	-	Note 1
	Gloria Material Technology Corp. seventh Credit Linked Structured Product	-	Financial assets at fair value through profit or loss - non-current	-	4,771	-	Note 1
	Fund Cathay U.S. Treasury 20+ Year Bond ETF	-	Financial assets at fair value through profit or loss - current	150,000			
	Stock WT Microelectronics Co., Ltd. Preferred Share A	-	Investments in equity instruments at fair value through other comprehensive income - current	2,000,000	91,300	-	Note 1
	Fubon Financial Holding Co., Ltd. Preferred Share A	-	Investments in equity instruments at fair value through other comprehensive income - current	800,000	48,880	-	Note 1
	Taishin Financial Holding Co., Ltd. Preferred Share E	-	Investments in equity instruments at fair value through other comprehensive income - current	609,000	31,120	-	Note 1
	Chailease Holding Company Limited Preferred Share A	-	Investments in equity instruments at fair value through other comprehensive income - current	300,000	29,370	-	Note 1
	Powertech Technology Inc.	-	Investments in equity instruments at fair value through other comprehensive income - current	168,000	23,688	-	Note 1

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023			Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	
Sensortek Technology Corp.	Taiwan Cement Corp.	-	Investments in equity instruments at fair value through other comprehensive income - current	69,450	\$ 2,420	-	Note 1
	Fubon Financial Holding Co., Ltd.	-	Financial assets at fair value through profit or loss - current	33,621	2,179	-	Note 1
	Sitronix Technology Corp.	The Parent Company	Investments in equity instruments at fair value through other comprehensive income - non-current	606,000	168,468	-	Note 1
Forcelead Technology Corp.	Equity Investment Fong Huang II Innovation Investment Co., Ltd.	-	Investments in equity instruments at fair value through other comprehensive income - non-current	3,000,000	34,658	7	Note 3
	Fund TAISHIN JU LONG Fund	-	Financial assets at fair value through profit or loss - current	1,746,862	22,314	-	Note 1
	Stock WPG Holdings Limited Preferred Share A	-	Investments in equity instruments at fair value through other comprehensive income - current	190,000	8,930	-	Note 1
Sitronix Holding International Ltd.	Bond CITI 2.75% 04/08/2024 USD Bond	-	Investments in debt instruments at fair value through other comprehensive income - current	-	USD 2,978	-	Note 1
	AT&T INC 5.35% 11/01/2066 (TBB) USD Bond	-	Investments in debt instruments at fair value through other comprehensive income - non-current	-	USD 569	-	Note 1
	China Huadian Corporation 3.375% Perpetual USD Bond	-	Investments in debt instruments at fair value through other comprehensive income - non-current	-	USD 967	-	Note 1
	CITI 2.80% 06/15/2025 USD Bond	-	Investments in debt instruments at fair value through other comprehensive income - non-current	-	USD 960	-	Note 1
	GS 5.8% 12/18/2033, USD Bond	-	Investments in debt instruments at fair value through other comprehensive income - non-current	-	USD 1,026	-	Note 1

(Concluded)

Note 1: Calculated based on the closing price on December 31, 2023.

Note 2: Listed based on book value.

Note 3: Calculated based on the net value on December 31, 2023.

Note 4: As of December 31, 2023, the above listed marketable securities were neither provided as guarantee nor pledged as collateral for loans.

Note 5: The marketable securities listed in the table above refer to the securities, bonds, beneficiary certificates and securities that fall within the scope of IFRS 9 “Financial Instruments”.

SITRONIX TECHNOLOGY CORPORATION AND SUBSIDIARIES
ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OR PRICES OF AT LEAST NTS300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Property	Event Date	Transaction Amount	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer If Counterparty Is A Related Party			Pricing Reference	Purpose of Acquisition	Other Terms
							Property Owner	Relationship	Transaction Date			
Forcelead Technology Corp.	Buildings	2023.9.6	\$ 937,250	\$ 121,870	Winsome Development Co., Ltd.	None	-	-	-	Real estate valuation report and board of directors	Operating Purpose	None

Note 1: Payment amount are classified as prepayments for buildings.

SITRONIX TECHNOLOGY CORPORATION AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Related Party	Relationship	Transaction Details			Abnormal Transaction		Notes/Trade Receivable (Payable)		Note
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Ending Balance	% of Total	
The Company	Sensortek Technology Corp.	Subsidiary	Purchase	\$ 1,733,011	35%	Net 60 days from the ship date	\$ -	(\$ 339,158)	(29%)	-

SITRONIX TECHNOLOGY CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Investee Company	Counterparty	Relationship	Transaction Details		
				Financial Statement Account	Amount	Payment Terms (Note)
0	The Company	Sensortek Technology Corp.	from the parent company to the subsidiary	Sales	\$ 54,211	-
				Purchases	1,733,011	-
				Trade receivables	13,044	-
	Forcelead Technology Corp.	Forcelead Technology Corp.	from the parent company to the subsidiary	Trade payables	339,158	-
				Sales	57,419	-
				Purchases	74,941	-
				Rental income	6,310	-
				Other receivables	12,544	-
				Trade receivables	9,120	-
				Trade payables	10,865	-
				Guarantee deposits received	7,402	-
1	Forcelead Technology Corp.	INFSitronix Technology Corp.	from the parent company to the subsidiary	Sales	9,539	-
				Trade receivables	2,382	-
				Other receivables	7,296	-
		mCore Technology Corp.	from the parent company to the subsidiary	Sales	17,655	-
				Rental income	2,217	-
				Trade receivables	3,298	-
		Sync-Tech System Corp.	from the parent company to the subsidiary	Sales	3,589	-
				Other payables	7,686	-
				Rental income	7,248	-
		Sitronix Technology (Shenzhen) Co., Ltd. HeFei Sitronix Co., Ltd.	from the parent company to the subsidiary	Manufacturing expenses	40,808	-
				Professional service fees	177,367	-
				Other income	2,684	1%
		Sync-Tech System Corp.	from the parent company to the subsidiary	Trade payables	3,638	-
				Purchases	22,027	-
				Manufacturing expenses	35,923	-
2	mCore Technology Corp.	HeFei Sitronix Co., Ltd.	from the subsidiary to the subsidiary	Other payables	9,107	-
				Purchases	6,838	-
				Trade payables	4,575	-

Note 1: The purchase transactions of the Company and its subsidiaries, their trading prices and collection conditions, are not significantly different from those of non-subsidiaries, and the rest of the transactions with the subsidiaries are calculated in accordance with the contractual agreements.

Note 2: The transaction of the Forcelead Technology Corp. and the Sync-Tech System Corp. is calculated according to mutual agreements.

Note 3: The purchase transactions of the mCore Technology Corp. and HeFei Sitronix Co., Ltd., their trading prices and collection conditions, are not significantly different from those of non-subsidiaries.

TABLE 7

SITRONIX TECHNOLOGY CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEEES (EXCLUDING INFORMATION ON INVESTMENT IN MAINLAND CHINA)
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount (Foreign Currencies in Thousands)		Balance as of December 31, 2023			Net Income (Loss) of the Investee	Share of (Loss) Profit
				December 31, 2023	December 31, 2022	Number of Shares	Percentage of Ownership (%)	Carrying Amount		
The Company	Sitronix Investment Corp. Forcelead Technology Corp.	Taiwan Taiwan	Investment R&D design and sales of multi-functional integrated automotive display driver ICs	\$ 367,270 684,047	\$ 367,270 717,634	33,249,060 23,197,545	100.00 61.01	\$ 280,473 1,021,604	(\$ 4,441) 436,894	(\$ 4,441) 291,029
	Sensortek Technology Corp.	Taiwan	R&D, design and sales of sensor integrated circuit products	113,318	113,318	22,529,596	46.06	1,959,092	675,516	305,009
	mCore Technology Corp.	Taiwan	Providing solutions for consumer display and voice/audio related applications.	131,074	131,074	9,583,010	90.73	113,139	9,581	8,693
	Sync-Tech System Corp.	Taiwan	Design, manufacturing and maintenance of semiconductor consumables and testing equipment	160,554	160,554	12,403,511	42.19	359,425	113,486	48,072
	INFSitronix Technology Corp. ezGreen Inc.	Taiwan Taiwan	Comprehensive line of Power supervisor IC design Software design and electronic information supply services	193,559 160,000	193,559 100,000	9,796,220 16,000,000	58.42 100.00	52,932 45,694	(26,017) (23,847)	(15,199) (23,847)
	Seer Microelectronics, Inc.	Taiwan	High performance sensor IC with single photon design and applications	95,000	-	9,500,000	72.66	76,007	(17,616)	(12,345)
	Sitronix Holding International Ltd.	Samoa	Investment	184,230 (USD 6,000) 10	184,230 (USD 6,000) 10	6,000,000	100.00	217,255	7,031	7,031
	Sensortek Technology Corp.	Taiwan	R&D, design and sales of sensor integrated circuit products	10	10	2,290	-	208	675,516	32
	INFSitronix Technology Corp. esGMeta Co.,Ltd.	Taiwan Taiwan	Comprehensive line of Power supervisor IC design Carbon footprint verification, analysis of data on carbon system platforms, execution of carbon reduction projects and commissioning of carbon trading rights	10 9,500	10 -	266 9,500,000	- 47.50	1 5,202	(26,017) -	(1) -

Note : Foreign currencies is converted into NTD using the exchange rates of the US dollar to NT\$ on December 31, 2023.

TABLE 8

SITRONIX TECHNOLOGY CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital (Foreign Currencies in Thousands)	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2023 (Foreign Currencies in Thousands)	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023 (Foreign Currencies in Thousands)	Net Income (Loss) of the Investee	% Ownership for Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2023	Accumulated Repatriation of Investment Income as of December 31, 2023
					Outward (Foreign Currencies in Thousands)	Inward						
Sitronix Technology (Shenzhen) Co., Ltd.	Computer software and hardware development, sales and after-sales service business and related technical consulting services	\$ 12,282 (USD 400)	Note 1	\$ 12,282 (USD 400)	\$ -	\$ -	\$ 12,282 (USD 400)	\$ 2,151	100%	\$ 2,151	\$ 28,514	\$ 10,237
HeFei ezGreen Co., Ltd.	Design, sales and technical services of Supplier management software development	43,270 (CNY 10,000)	Note 4	43,270 (CNY 10,000)	-	-	43,270 (CNY 10,000)	(9,438)	100%	(9,438)	10,906	-
HeFei Sitronix Co., Ltd.	R&D, design, sales and technical services of integrated circuits and system hardware and software	216,350 (CNY 50,000)	Note 5	97,358 (CNY 22,500)	-	-	97,358 (CNY 22,500)	47,393	90%	42,654	449,489	-
HeFei Sitronix Technology Co., Ltd.	R&D and sale of integrated circuits, R&D, service and sales of integrated circuits chip	151,445 (CNY 35,000)	Note 6	129,810 (CNY 30,000)	21,635 (CNY 5,000)	-	151,445 (CNY 35,000)	(8,397)	100%	(8,397)	139,304	-

Investor Company	Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2023 (Foreign Currencies in Thousands)		Investment Amount Authorized by the Investment Commission, MOEA (Foreign Currencies in Thousands)		Upper Limit on the Amounts of Investment Stipulated by Investment Commission, MOEA	
Sitronix Technology Corporation	\$ 326,456 (US\$ 10,632)	\$ 691,937 (US\$ 22,535)	\$ 691,937 (US\$ 22,535)	\$ 691,937 (US\$ 22,535)	\$6,597,113	
Forcelead Technology Corp.	\$ - (US\$ -)	\$ 23,888 (US\$ 788)	\$ 23,888 (US\$ 788)	\$ 23,888 (US\$ 788)	\$1,004,704	

Note 1: Direct Investment, as of December 31, 2023, the total investment amount approved by the Investment Commission, MOEA, is US\$400 thousand, and the investment amount of US\$400 thousand has been remitted.

Note 2: Foreign currencies are converted into NTD using the exchange rates of the US dollar and CNY to NTD on December 31, 2023.

Note 3: According to the Investment Commission, MOEA, 60% of the net value of investments in mainland China is set.

Note 4: Direct Investment, as of December 31, 2023, the total investment amount approved by the Investment Commission, MOEA, is CNY10,000 thousand, and the investment amount of CNY10,000 thousand has been remitted.

Note 5: Direct Investment, as of December 31, 2023, the total investment amount approved by the Investment Commission, MOEA, is CNY45,000 thousand, and the investment amount of CNY22,500 thousand has been remitted, and the capital increase from capital surplus in the amount of CNY22,500 thousand.

Note 6: Direct Investment, as of December 31, 2023, the total investment amount approved by the Investment Commission, MOEA, is CNY90,000 thousand, and the investment amount of CNY35,000 thousand has been remitted.

TABLE 9

SITRONIX TECHNOLOGY CORPORATION AND SUBSIDIARIES

SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES

FOR THE YEAR ENDED DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Relationship	Transaction Type	Total Operating Expenses		Price	Transaction Details		Notes/Accounts Receivable (Payable)		Unrealized (Gain) Loss	Note
				Amount	%		Payment Terms	Comparison with Normal Transactions	Ending Balance	%		
The Company	Sitronix Technology (Shenzhen) Co., Ltd	From the parent company to the subsidiary	Professional service fees	\$ 177,367	11%	Calculated based on the contract	Calculated based on the contract	No related similar transactions to follow	\$ -	-	\$ -	-

SITRONIX TECHNOLOGY CORPORATION AND SUBSIDIARIES

INFORMATION ON MAJOR SHAREHOLDERS
DECEMBER 31, 2023

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Capital Tip customized Taiwan Select High Dividend ETF	8,437,000	7.02

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: If a shareholder delivers the shareholdings to a trust, the above information will be disclosed by the individual trustee who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Securities and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to the Market Observation Post System.

INDEPENDENT AUDITORS' REPORT

The Board of Directors and the Shareholders
Sitronix Technology Corporation

Opinion

We have audited the accompanying financial statements of Sitronix Technology Corporation (the Company), which comprise the balance sheets as of December 31, 2023 and 2022, the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters of the Company's parent company only financial statements for the year ended December 31, 2023 are stated as follows:

Recognition of sales revenue

The Company's main source of revenue comes from the sale of goods. For the year ended December 31, 2023, the revenue recognized was NT\$10,322,545 thousand, refer to Notes 4 and 22 for information on the accounting policies of revenue recognition. Such revenue is recognized when the goods are transferred to the customer and the performance obligations are met. The revenue recognition process is that after receiving customers' orders and checking the transaction conditions, the business unit creates a manufacturing notice in the system, and enters into the production schedule after obtaining the approval from the supervisor. As soon as the production is completed, then the production unit would issue packing lists and invoices from the system, and the Company would obtain a signed packing list or the bill of lading from the shipping companies when those shipping companies pick up the goods, then the system would check the shipping-related information, to generate the sales details. The accounting officers would recognize sales revenue according to the sales details.

We have assessed that the customers of the Company whose revenue significantly changed in 2023 are subject to the risk of validity of revenue recognition. Therefore, in order to confirm the validity of the Company's revenue recognition, we performed the following audit procedures on the sales transactions of these customers:

1. We obtained an understanding of the internal controls over revenue recognition, evaluated the design of the key controls, determined that the controls were implemented and tested the operating effectiveness of the controls.
2. We sampled and inspected the existence of the original purchase orders for each sale and were approved appropriately.
3. We inspected product names and quantities on notifications of manufacturing, invoices and goods receipts. We also inspected and confirmed the amounts were consistent.
4. We inspected the reasonableness of the collection of accounts receivable and confirmed the collection amounts, and counterparties were consistent with the revenue recognized.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Cheng Chih Lin and Mei-Chen Tsai.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 7, 2024

Notice to Readers

The accompanying financial statements are intended only to present the financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and financial statements shall prevail.

SITRONIX TECHNOLOGY CORPORATION

PARENT COMPANY ONLY BALANCE SHEETS

DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2023		December 31, 2022		LIABILITIES AND EQUITY	December 31, 2023		December 31, 2022	
	Amount	%	Amount	%		Amount	%	Amount	%
CURRENT ASSETS					CURRENT LIABILITIES				
Cash and cash equivalents (Notes 4, 6 and 30)	\$ 2,959,233	22	\$ 3,172,013	22	Short-term borrowings (Notes 4, 18, 28 and 30)	\$ -	-	\$ 18,119	-
Financial assets at fair value through profit or loss - current (Notes 4, 7 and 30)	439,660	3	311,208	2	Financial liabilities at fair value through profit or loss (Notes 4, 7 and 30)	20,881	-	35,362	-
Financial assets at fair value through other comprehensive income - current (Notes 4, 8 and 30)	325,565	2	244,225	2	Trade payables (Note 30)	802,636	6	480,668	3
Financial assets at amortized cost - current (Notes 4, 9, 30 and 32)	859,235	6	766,087	5	Accrued profit sharing bonus to employees' compensation and remuneration of directors (Note 23)	353,661	3	179,646	1
Notes receivable and trade receivables (Notes 4, 10, 22 and 30)	814,119	6	637,606	4	Other payables (Notes 19 and 30)	190,388	1	375,996	3
Notes receivable and trade receivables from related parties (Notes 4, 22, 30 and 31)	28,887	-	34,294	-	Other payables to related parties (Notes 30 and 31)	755,675	6	1,071,845	8
Other receivables (Notes 4, 10 and 30)	96,253	1	86,718	1	Current tax liabilities (Notes 4 and 24)	8,039	-	21,709	-
Other receivables from related parties (Notes 4, 30 and 31)	20,616	-	30,243	-	Lease liabilities - current (Notes 4, 14, 28 and 30)	278,226	2	630,146	4
Inventories (Notes 4, 5 and 11)	919,349	7	2,203,749	15	Other current liabilities (Notes 19, 22 and 30)	26,401	-	25,642	-
Prepayments (Notes 17 and 31)	73,407	1	78,764	1		71,195	1	92,228	1
Other current assets (Notes 4 and 30)	10,686	-	6,917	-	Total current liabilities	2,507,102	19	2,931,361	20
Total current assets	6,547,010	48	7,571,824	52	NON-CURRENT LIABILITIES				
NON-CURRENT ASSETS					Deferred tax liabilities (Notes 4 and 24)	18,353	-	11,697	-
Financial assets at fair value through profit or loss - non-current (Notes 4, 7 and 30)	207,746	2	240,177	2	Lease liabilities - non-current (Notes 4, 14, 28 and 30)	39,106	-	62,871	1
Financial assets at fair value through other comprehensive income - non-current (Notes 4, 8 and 30)	591,989	4	424,719	3	Net defined benefit liabilities - non-current (Notes 4 and 20)	26,355	-	31,391	-
Financial assets at amortized cost - non-current (Notes 4, 9 and 30)	30,870	-	30,983	-	Other non-current liabilities (Notes 28, 30, 31 and 33)	77,205	1	147,758	1
Investment accounted for using the equity method (Notes 4, 12, 26, 27 and 31)	4,753,834	35	4,613,240	31	Total non-current liabilities	161,019	1	253,717	2
Property, plant and equipment (Notes 4, 13, and 31)	537,565	4	450,432	3	Total liabilities	2,668,121	20	3,185,078	22
Right-of-use assets (Notes 4 and 14)	64,255	-	87,435	1	EQUITY (Notes 4, 21 and 27)				
Investment properties (Notes 4 and 15)	379,751	3	452,069	3	Share capital	1,201,369	9	1,201,369	8
Intangible assets (Notes 4 and 16)	96,142	1	38,282	-	Ordinary shares	1,839,449	13	1,690,740	11
Deferred tax assets - non-current (Notes 4 and 24)	5,771	-	9,191	-	Retained earnings	2,165,105	16	1,801,820	12
Other non-current assets (Notes 4, 17, 30 and 33)	448,376	3	689,679	5	Legal reserve	288,225	2	105,464	1
Total non-current assets	7,116,299	52	7,036,207	48	Special reserve	5,633,437	41	6,961,331	48
					Unappropriated earnings	8,086,767	59	8,868,615	61
					Total retained earnings				
					Other equity				
					Exchange differences on translating the financial statement of foreign operations	(2,758)	-	9,186	-
					Unrealized gain (loss) on financial assets at fair value through other comprehensive income	(73,630)	(1)	(290,948)	(2)
					Total other equity	(76,388)	(1)	(281,762)	(2)
					Treasury shares	(56,009)	-	(56,009)	-
					Total equity	10,995,188	80	11,422,953	78
TOTAL	\$ 13,663,309	100	\$ 14,608,031	100	TOTAL	\$ 13,663,309	100	\$ 14,608,031	100

The accompanying notes are an integral part of the parent company only financial statements.

SITRONIX TECHNOLOGY CORPORATION

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
NET REVENUE (Notes 4, 22 and 31)	\$ 10,322,545	100	\$ 11,589,599	100
OPERATING COSTS (Notes 4, 11, 23, 31 and 33)	7,390,421	72	6,576,347	57
GROSS PROFIT	2,932,124	28	5,013,252	43
OPERATING EXPENSES (Notes 4, 20, 23 and 31)				
Selling and marketing expenses	179,892	2	221,654	2
General and administrative expenses	228,622	2	320,269	2
Research and development expenses	1,277,701	12	1,491,072	13
Total operating expenses	1,686,215	16	2,032,995	17
OTHER OPERATING INCOME AND EXPENSES (Notes 4, 23 and 31)	1,486	-	1,458	-
INCOME FROM OPERATIONS	1,247,395	12	2,981,715	26
NON-OPERATING INCOME AND EXPENSES (Notes 4, 12, 23 and 31)				
Interest incomes	71,320	1	46,694	-
Other incomes	75,832	1	94,057	1
Other gains and losses	45,662	-	110,131	1
Finance costs	(2,702)	-	(1,444)	-
Share of profit of subsidiaries	630,613	6	940,642	8
Total non-operating income and expenses	820,725	8	1,190,080	10
INCOME BEFORE INCOME TAX	2,068,120	20	4,171,795	36
INCOME TAX EXPENSE (Notes 4 and 24)	209,779	2	561,630	5
NET INCOME FOR THE YEAR	1,858,341	18	3,610,165	31
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4, 20 and 21)				
Items that will not be reclassified subsequently to profit or loss				
Remeasurement of defined benefit plans	2,764	-	2,065	-
Unrealized (loss) gain on investments in equity instruments at fair value through other comprehensive income	144,214	1	(98,259)	(1)
Share of the other comprehensive (loss) income of subsidiaries accounted for using the equity method	65,812	1	(70,096)	-

(Continued)

SITRONIX TECHNOLOGY CORPORATION

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translating the financial statements of foreign operations	(\$ 11,944)	-	\$ 23,272	-
Unrealized (loss) gain on investments in debt instruments at fair value through other comprehensive income	839	-	(695)	-
Share of the other comprehensive (loss) income of subsidiaries accounted for using the equity method	6,398	-	(9,897)	-
Other comprehensive (loss) income for the year, net of income tax	208,083	2	(153,610)	(1)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	\$ 2,066,424	20	\$ 3,456,555	30
EARNINGS PER SHARE (Note 25)				
Basic	\$ 15.50		\$ 30.10	
Diluted	\$ 15.39		\$ 29.57	

The accompanying notes are an integral part of the parent company only financial statements.

(Concluded)

SITRONIX TECHNOLOGY CORPORATION

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	Share Capital (Notes 4 and 21)		Capital Surplus (Notes 21 and 26)	Retained Earnings (Note 21)			Other Equity (Notes 4 and 21)			
	Number of Shares (In Thousands)	Amount		Legal Reserve	Special reserve	Unappropriated Earnings	Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Treasury Share (Note 21)	Total Equity
BALANCE AT JANUARY 1, 2022	120,137	\$ 1,201,369	\$ 1,610,911	\$ 1,200,307	\$ 180,223	\$ 7,699,611	\$ 14,086	\$ 91,377	\$ 31,783	\$ 11,755,175
Appropriation of 2021 earnings	-	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	-	601,513	-	(601,513)	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(3,844,380)	-	-	-	(3,844,380)
Special reserve	-	-	-	-	(74,759)	74,759	-	-	-	-
The Company's shares held by its subsidiary treated as treasury shares	-	-	-	-	-	-	-	-	(24,226)	(24,226)
Other changes in capital surplus	-	-	-	-	-	-	-	-	-	-
Adjustment of capital surplus due to dividends distributed to subsidiaries	-	-	6,456	-	-	-	-	-	-	6,456
Changes in percentage of ownership interests in subsidiaries	-	-	73,373	-	-	-	-	-	-	73,373
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	-	20,624	-	(20,624)	-	-
Net income for the year ended December 31, 2022	-	-	-	-	-	3,610,165	-	-	-	3,610,165
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	-	2,065	23,272	(178,947)	-	(153,610)
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	3,612,230	23,272	(178,947)	-	3,456,555
BALANCE AT DECEMBER 31, 2022	120,137	1,201,369	1,690,740	1,801,820	105,464	6,961,331	9,186	(290,948)	(56,009)	11,422,953
Appropriation of 2022 earnings	-	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	-	363,285	-	(363,285)	-	-	-	-
Special reserve	-	-	-	-	182,761	(182,761)	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(2,643,011)	-	-	-	(2,643,011)
Other changes in capital surplus	-	-	-	-	-	-	-	-	-	-
Adjustment of capital surplus due to dividends distributed to subsidiaries	-	-	6,141	-	-	-	-	-	-	6,141
Differences between consideration received and the carrying amount of subsidiaries' net assets during actual acquisitions or disposals	-	-	120,849	-	-	-	-	113	-	120,962
Changes in percentage of ownership interests in subsidiaries	-	-	21,719	-	-	-	-	-	-	21,719
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	-	58	-	(58)	-	-
Net income for the year ended December 31, 2023	-	-	-	-	-	1,858,341	-	-	-	1,858,341
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	-	2,764	(11,944)	217,263	-	208,083
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-	1,861,105	(11,944)	217,263	-	2,066,424
BALANCE AT DECEMBER 31, 2023	120,137	\$ 1,201,369	\$ 1,839,449	\$ 2,165,105	\$ 288,225	\$ 5,633,437	\$ 2,758	\$ 73,630	\$ 56,009	\$ 10,995,188

The accompanying notes are an integral part of the parent company only financial statements.

SITRONIX TECHNOLOGY CORPORATION

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 2,068,120	\$ 4,171,795
Adjustments for:		
Depreciation expense	148,073	130,558
Amortization expense	41,195	21,848
Net gain on fair value changes of financial assets designated as at fair value through profit or loss	(40,892)	(4,309)
Finance costs	2,702	1,444
Interest income	(71,320)	(46,694)
Dividend income	(20,730)	(26,097)
Compensation cost of share-based payment	3,092	12
Share of profits of subsidiaries	(630,613)	(940,642)
Loss on disposal of property, plant and equipment	18	2
Write-down of inventories recognized (reversed)	(90,000)	113,000
Impairment loss recognized on prepayment for purchase	112,000	167,520
Unrealized net loss (gain) on foreign currency exchange	5,533	(139,301)
Other income	(17,101)	(19,009)
Changes in operating assets and liabilities		
Notes receivable and trade receivables	(212,391)	501,938
Receivables from related parties	5,379	(5,403)
Other receivables	(5,677)	(5,661)
Other receivables from related parties	(56,034)	(69,588)
Inventories	1,374,400	(1,517,927)
Prepayments	5,357	24,548
Other current assets	(3,769)	(1,384)
Trade payables	352,931	(554,762)
Payables to related parties	180,148	(312,752)
Other payables	(299,370)	7,476
Other payables to related parties	(13,670)	14,758
Other current liabilities	(21,033)	25,606
Net defined benefit liabilities	(2,272)	(4,821)
Accrued profit sharing bonus to employees' compensation and remuneration of directors	(185,608)	(259,641)
Cash generated from operations	2,628,468	1,272,514
Interest received	67,598	44,970
Interest paid	(2,725)	(1,411)
Income tax paid	(551,623)	(702,451)
Net cash generated from operating activities	<u>2,141,718</u>	<u>613,622</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	(103,583)	(55,112)
Disposal of financial assets at fair value through other comprehensive income	-	90,975
Purchase of financial assets measured at amortized cost	1,354,027	(1,165,136)
Proceeds from the return of principle of financial assets at amortized cost	(1,447,175)	1,987,275
Acquisition of financial assets at fair value through profit or loss	(360,997)	(370,238)
Disposal of financial assets at fair value through profit or loss	291,387	242,795
Acquisition of investments accounted for using equity method	(176,845)	(136,965)

(Continued)

SITRONIX TECHNOLOGY CORPORATION

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
Acquisition of property, plant and equipment	(\$ 145,353)	(\$ 160,256)
Proceeds from disposal of property, plant and equipment	-	123
Increase in refundable deposits	(1,153)	(970)
Decrease in refundable deposits	118,920	59,335
Decrease in other receivable from related parties	66,028	66,028
Payment of intangible assets	(105,561)	(39,263)
Dividends received	<u>739,841</u>	<u>1,552,196</u>
Net cash generated from (used in) investing activities	<u>229,536</u>	<u>2,070,787</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	687,880	73,695
Repayments of short-term borrowings	(705,925)	(55,650)
Increase in guarantee deposits	4,827	88,866
Decrease in guarantee deposits	(69,458)	(29,686)
Repayment of the principal portion of lease liabilities	(26,669)	(25,643)
Cash dividends distributed	(2,643,011)	(3,844,380)
Disposal of ownership interests subsidiaries (without losing control)	<u>170,850</u>	<u>-</u>
Net cash used in financing activities	<u>(2,581,506)</u>	<u>(3,792,798)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	<u>(2,528)</u>	<u>94,248</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	<u>(212,780)</u>	<u>(1,014,141)</u>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>3,172,013</u>	<u>4,186,154</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 2,959,233</u>	<u>\$ 3,172,013</u>

The accompanying notes are an integral part of the parent company only financial statements.

(Concluded)

SITRONIX TECHNOLOGY CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Sitronix Technology Corporation (the Company) was incorporated in Taipei City, Taiwan (R.O.C.) in July 1992 and commenced operations in the same year. The principal place of business is located in Tai Yuen Hi-Tech Industrial Park, Hsinchu County. The Company operates principally as a designer, manufacturer and supplier of integrated circuits (ICs) and memory chips and focuses on display driver ICs (DDIs) for entry-level mobile phones, industrial displays and automotive systems.

The Company's shares have been listed on the Taiwan Stock Exchange (TWSE) since December 25, 2003.

In order to improve the Company's overall operating performance and market increase competitiveness, the Company reorganized the Group's structure, carried out a professional division of labor and coordinated the allocation of the Group's resources. On March 18, 2021, according to the Business Mergers And Acquisitions Act and the Company Act, the Company's board of directors resolved to spin off the automotive business division to the Company's subsidiary, Forcelead Technology Corp., which issued new ordinary shares as consideration for the transfer. The spin-off completion date is June 1, 2021.

The parent company only financial statements are presented in the Company's functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The parent company only financial statements were approved by the Company's board of directors and authorized for issue on March 7, 2024.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, "IFRS Accounting Standards") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the amendments to the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have material impact on the Company's accounting policies.

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2024

New, Revised or Amended Standards and Interpretations	Effective Date Announced by IASB
Amendments to IFRS 16 "Leases Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024
Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"	January 1, 2024 (Note 3)

Note 1: Unless stated otherwise, the IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective dates.

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

Note 3: The amendments provide some transition relief regarding disclosure requirements.

As of the date the accompanying parent company only financial statements were authorized for issue, the company has assessed that the application of other standards and interpretations will not have a material impact on the company's financial position and financial performance.

- c. The IFRS Accounting Standards issued by IASB but not yet endorsed and issued into effect by the FSC

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025(Note 2)

Note 1: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: The Company shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the Company recognizes any effect as an adjustment to the opening balance of retained earnings. When the Company uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustments to the cumulative amount of translation differences in equity.

As of the date the accompanying parent company only financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of other standards and interpretations will have on the Company's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES INFORMATION

- a. Statement of compliance

The accompanying parent company only financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

- b. Basis of preparation

The accompanying parent company only financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value, and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- 3) Level 3 inputs are unobservable inputs for an asset or liability.

When preparing the parent company only financial statements, the Company accounted for subsidiaries and associates by using the equity method. In order for the amount of net income, other comprehensive income and equity in the parent company only financial statements to agree with the amount attributable to shareholders of the parent in the consolidated financial statements, the difference in the accounting treatment between the parent company only basis and the consolidated basis are adjusted under the heading of investments accounted for using the equity method, share of profits of subsidiaries and share of other comprehensive income of subsidiary in the parent company only financial statements.

c. Classification of current and non-current assets and liabilities

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period; and
- 3) Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

d. Foreign currencies

In preparing the parent company only financial statements transactions in currencies other than the Company's functional currency (i.e. foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

e. Inventories

Inventories consist of raw materials, work in progress, finished goods and merchandise, and are stated at the lower of cost and net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at weighted-average cost on the balance sheet date.

f. Investments in subsidiaries

The Company uses the equity method to account for its investments in subsidiaries.

Subsidiaries are the entities controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and the carrying amount is increased or decreased to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary after the date of acquisition. Besides, the Company also recognizes the Company's share of the change in other equity of the subsidiary.

Changes in the Company's ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are equity transactions. Any difference between the carrying amount of the subsidiary and the fair value of the consideration paid or received is recognized directly in equity.

When the Company's share of losses of a subsidiary exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for by the equity method and long-term interests that, in substance, form part of the Company's net investment in the subsidiary), the Company continues recognizing its share of further losses.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the entire financial statements of the invested company. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes the reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years .

When the Company loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Company had directly disposed of the related assets or liabilities.

Profits or losses resulting from downstream transactions are eliminated in full only in the parent company only financial statements. Profits and losses resulting from upstream transactions and transactions between subsidiaries are recognized only in the parent company financial statements only to the extent of interests in the subsidiaries that are not related to the Company.

g. Property, plant and equipment

Property, plant and equipment are initially stated at cost and subsequently stated at cost less recognized accumulated depreciation and accumulated impairment loss.

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

h. Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss.

Depreciation is recognized using the straight-line method.

Investment properties is transferred to property, plant and equipment at the carrying amount on the day when the supply for self-use begins.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

i. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimates accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

2) Internally-generated intangible assets - research and development expenditure

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

3) Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

j. Impairment of property, plant and equipment, right-of-use assets, investment properties and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment, right-of-use assets, investment properties and intangible assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

k. Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a settlement date basis.

a) Measurement category

Financial assets are classified into the following categories: financial assets at FVTPL, financial assets at amortized cost, investments in debt instruments at FVTOCI and investments in equity instruments at FVTOCI.

i. Financial assets at FVTPL

Financial assets measured at FVTPL were financial assets mandatorily measured as at FVTPL. Financial assets mandatorily measured at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividend or interest earned on the financial asset. Fair value is determined in the manner described in Note 30.

ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost (including cash and cash equivalents, accounts receivable, other receivables measured at amortized cost, time deposits with original maturities of over 3 months, pledged fixed deposits, and refundable deposits) and are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset.

A credit-impaired financial asset is one where the issuer or debtor has experienced significant financial difficulties, defaults, the debtor is likely to file for bankruptcy or other financial reorganization, or the active market for the financial asset has disappeared due to financial difficulties.

Cash equivalents include short-term investments or time deposits with original maturities of three months or less, which are highly liquid, readily convertible to a known amount of cash, and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

iii. Investments in debt instruments at FVTOCI

Debt instruments that meet the following conditions are subsequently measured at FVTOCI:

- i) The debt instrument is held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of such financial assets; and
- ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Investments in debt instruments at FVTOCI are subsequently measured at fair value. Changes in the carrying amounts of these debt instruments relating to changes in foreign currency exchange rates, interest income calculated using the effective interest method and impairment losses or reversals are recognized in profit or loss. Other changes in the carrying amount of these debt instruments are recognized in other comprehensive income and will be reclassified to profit or loss when the investment is disposed of.

iv. Investments in equity instruments at FVTOCI

On initial recognition, the Company may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends are recognized in profit and loss when the Company's right to receive the dividends is established, unless they clearly represent a recovery of part of the cost of the investment, in which case, they are included in OCI.

b) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables) and, investments in debt instruments that are measured at FVTOCI.

The Company always recognizes lifetime expected credit losses (i.e. ECLs) for trade receivables. For all other financial instruments, the Company recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The Company recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and does not reduce the carrying amount of such a financial asset.

c) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the financial asset to another party.

Derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in a debt instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

Equity instruments issued by the Company are classified as equity in accordance with the substance of the contractual arrangements and the definitions of an equity instrument.

Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity. Its carry amounts are calculated based on weighted average by stock types and calculated separately according to the reasons for withdrawal. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

Except the following situation, all financial liabilities are measured at amortized cost using the effective interest method:

i. Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when such financial liabilities are either held for trading or are designated as at FVTPL.

Financial liabilities held for trading are stated at fair value, with any gain or loss arising on remeasurement recognized in profit or loss.

Fair value is determined in the manner described in Note 30.

b) Derecognition of financial liabilities

The difference between the carrying amount of a financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

4) Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including cross currency swaps and foreign exchange forward contracts.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

Derivatives embedded in hybrid contracts that contain financial asset hosts that is within the scope of IFRS 9 “Financial instruments” are not separated; instead, the classification is determined in accordance with the entire hybrid contract. Derivatives embedded in non-derivative host contracts that are not financial assets that is within the scope of IFRS 9 (e.g. financial liabilities) are treated as separate derivatives when they meet the definition of a derivative; their risks and characteristics are not closely related to those of the host contracts; and the host contracts are not measured at FVTPL.

1. Revenue recognition

The Company identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

1) Sale of goods

Revenue from the sale of goods comes from sales of integrated circuits. Sales of integrated circuits are recognized as revenue when the goods are delivered to the customer’s specific location because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence.

The Company does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

2) Rendering of services

Service income is recognized when services are provided.

m. Leasing

At the inception of a contract, the Company assesses whether the contract is, or contain a lease.

1) The Company as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

When the Company subleases a right-of-use asset, the sublease is classified by reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. However, if the head lease is a short-term lease that the Company, as a lessee, has accounted for applying the recognition exemption, the sublease is classified as an operating lease.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases.

2) The Company as lessee

The Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are presented on a separate line in the parent company only balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in future lease payments resulting from a change in the lease terms, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the parent company only balance sheets.

n. Borrowing costs

Borrowing costs are recognized in profit or loss in the period in which they are incurred.

o. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost, past service cost) and net interest on the net defined benefit liabilities are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities represent the actual deficit in the Company's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

p. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

According to the Income Tax Act, an additional tax on unappropriated earnings is provided for as income tax in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, unused tax credits for purchases of machinery, equipment and technology, research and development expenditures and personnel training expenditures to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the year which the liabilities are settled or the assets are realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity; in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, management is required to make judgments, estimates and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The Company considers the possible impact of inflation and market rate of interest fluctuations when making its critical significant accounting estimates on cash flow projections, growth rate, discount rate, profitability, etc. The estimates significant and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

Key Sources of Estimation Uncertainty

a. Write-down of inventories

The net realizable value of inventory is the estimated selling price in the ordinary course of business less the estimated costs of completion and disposal. The estimation of net realizable value was based on current market conditions and the historical experience with product sales of a similar nature. Changes in market conditions may have a material impact on the estimation of the net realizable value.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2023	2022
Bank deposits	\$ 2,883,161	\$ 2,107,766
Cash on hand	66	76
Cash equivalents	76,006	1,064,171
	<u>\$ 2,959,233</u>	<u>\$ 3,172,013</u>

The market rate intervals of bank deposits and cash equivalents at the end of the reporting period were as follows:

	December 31	
	2023	2022
Bank deposits	0.001%~5.35%	0.001%~4.20%
Cash equivalents	1.25%	0.58%~2.00%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2023	2022
<u>Financial assets at FVTPL - current</u>		
Mandatorily measured at FVTPL		
Derivative financial assets		
Credit linked notes - linked with convertible bonds	\$ 90,358	\$ -
Foreign exchange forward contracts and foreign exchange swap contracts	27,931	45,493
Equity linked notes	15,466	15,355
Non-derivative financial assets		
Domestic mutual fund investments	214,260	169,214
Convertible bonds	70,409	60,712
Exchangeable bonds	20,760	20,040
Domestic listed shares	476	394
	<u>\$ 439,660</u>	<u>\$ 311,208</u>

Financial assets at FVTPL - non-current

Mandatorily measured at FVTPL		
Derivative financial assets		
Credit linked notes - linked with convertible bonds	\$ 125,572	\$ 205,409
Non-derivative financial assets		
Limited partnership	82,174	34,768
	<u>\$ 207,746</u>	<u>\$ 240,177</u>

Financial liabilities at FVTPL - current

Mandatorily measured at FVTPL		
Derivative financial liabilities		
Foreign exchange forward contracts and foreign exchange swap contracts	\$ 20,881	\$ 35,362

At the end of the reporting period, outstanding foreign exchange forward contracts and foreign exchange swaps not under hedge accounting were as follows:

	Currency	Maturity Date	Notional Amount (In Thousands)
<u>December 31, 2023</u>			
Sell forward exchange contracts	USD/NTD	2024.1.4~2024.8.14	US\$32,000/NT\$991,994
Buy forward exchange contracts	NTD/USD	2024.1.3~2024.8.16	NT\$1,015,649/US\$33,000

	<u>Currency</u>	<u>Maturity Date</u>	<u>Notional Amount (In Thousands)</u>
<u>December 31, 2022</u>			
Sell forward exchange contracts	USD/NTD	2023.1.17~2023.9.26	US\$38,000/NT\$1,137,334
Buy forward exchange contracts	NTD/USD	2023.1.13~2023.9.28	NT\$1,127,203/US\$38,000

The Company entered into foreign exchange forward contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Current</u>		
Investments in equity instruments at FVTOCI	<u>\$ 325,565</u>	<u>\$ 244,225</u>
<u>Non-current</u>		
Investments in equity instruments at FVTOCI	\$ 480,571	\$ 395,349
Investments in debt instruments at FVTOCI	<u>111,418</u>	<u>29,370</u>
	<u>\$ 591,989</u>	<u>\$ 424,719</u>

a. Investments in equity instruments at FVTOCI

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Current</u>		
Domestic investments		
Listed shares (1) and (2)	<u>\$ 325,565</u>	<u>\$ 244,225</u>
<u>Non-current</u>		
Foreign investments		
Unlisted equity investments (1)	\$ 296,877	\$ 231,506
Domestic investments		
Unlisted equity investments (1) and (4)	<u>183,694</u>	<u>163,843</u>
	<u>\$ 480,571</u>	<u>\$ 395,349</u>

- 1) These investments in equity instruments are not held for trading. Instead, they are held for strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Company's strategy of holding these investments for purposes.
- 2) In 2023 and 2022, the Company acquired domestic listed companies' shares of listed companies at \$22,348 thousand and \$10,035 thousand for strategic investment purposes. The management designated these investments as at FVTOCI.

- 3) In order to manage credit concentration risk, the Company sold its ordinary shares of domestic listed companies in 2022 in the amounts of \$90,975 thousand; and transferred a gain of \$15,047 thousand from other equity to retained earnings.
- 4) During 2022, the Company purchased domestic unlisted equity investments at \$15,000 thousand for strategic investment purposes. The management designated this investment as at FVTOCI, and the Company prepaid \$30,000 thousand for the investment as of December 31, 2020.
- 5) Dividends of \$19,109 thousand and \$26,074 thousand were recognized for the years ended December 31, 2023 and 2022, respectively. Those related to investments held at December 31, 2023 and 2022 were \$ 19,109 thousand and \$23,362 thousand, respectively.

b. Investments in debt instruments at FVTOCI

	December 31	
	2023	2022
<u>Non-Current</u>		
Foreign corporate bonds	\$ 61,680	\$ 29,370
Domestic corporate bonds	49,738	-
	<u>\$ 111,418</u>	<u>\$ 29,370</u>

- 1) In December 2023 and July 2022, the Company purchased foreign corporate bonds respectively for US \$1,000 thousand and US \$1,006 thousand with a coupon rate respectively of 5.800% and 4.125%.
- 2) In 2023, the Company purchased domestic corporate bonds for \$49,999 thousand with a coupon rate of 1.537%.

9. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2023	2022
<u>Current</u>		
Domestic investments		
Time deposits with original maturities of more than 3 months (a)	\$ 829,700	\$ 718,800
Pledged fixed deposits (b)	29,535	47,287
	<u>\$ 859,235</u>	<u>\$ 766,087</u>
<u>Non-current</u>		
Foreign investments		
Foreign corporate bonds (c)	<u>\$ 30,870</u>	<u>\$ 30,983</u>

- a. The interest rates for time deposits with original maturities of more than 3 months ranged from 1.45%~1.53% and 1.255%~1.60% per annum as of December 31, 2023 and 2022, respectively.
- b. Refer to Note 32 for information relating to investments in financial assets at amortized cost pledged as security.

- c. In August 2016, the Company purchased the priority unsecured US dollar debt issued by Formosa Group (Cayman) Limited at US \$1,028 thousand, with an expiry date of April 22, 2025 and the coupon rate of 3.375%.

10. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	December 31	
	2023	2022
<u>Notes receivable</u>		
At amortized cost		
Gross carrying amount	\$ -	\$ 79
Less: Allowance for impairment loss	-	-
	<u>\$ -</u>	<u>\$ 79</u>
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount	\$ 831,691	\$ 655,376
Less: Allowance for impairment loss	(17,572)	(17,849)
	<u>\$ 814,119</u>	<u>\$ 637,527</u>
<u>Other receivables</u>		
Income tax refund receivable	\$ 84,951	\$ 73,875
Others	11,302	12,843
	<u>\$ 96,253</u>	<u>\$ 86,718</u>

The credit period of sales of goods was 10~115 days. No interest was charged on trade receivables. The Company adopted a policy of obtaining advance payment or sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company uses other publicly available financial information or its own historical trading records to rate its major customers. The Company's exposure and the credit ratings of its counterparties are continuously monitored. Credit exposure is controlled by counterparty limits that are reviewed and approved by the Company annually.

The Company measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix by reference to the past default records of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Company's different customer base.

The Company writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation. For trade receivables that have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of trade receivables based on the Company's provision matrix:

December 31, 2023

	Not Past Due	Up to 60 Days	61 to 90 Days	Over 90 Days	Total
Gross carrying amount	\$ 827,333	\$ 2	\$ -	\$ 4,356	\$ 831,691
Loss allowance (Lifetime ECLs)	(13,214)	(2)	-	(4,356)	(17,572)
Amortized cost	<u>\$ 814,119</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 814,119</u>

December 31, 2022

	Not Past Due	Up to 60 Days	61 to 90 Days	Over 90 Days	Total
Gross carrying amount	\$ 650,740	\$ 2	\$ -	\$ 4,634	\$ 655,376
Loss allowance (Lifetime ECLs)	(13,213)	(2)	-	(4,634)	(17,849)
Amortized cost	<u>\$ 637,527</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 637,527</u>

The movements of the loss allowance of trade receivables were as follows:

	For the Year Ended December 31	
	2023	2022
Balance at January 1	\$ 17,849	\$ 17,849
Amounts written off	(277)	-
Balance at December 31	<u>\$ 17,572</u>	<u>\$ 17,849</u>

Compared with January 1, 2023, the total carrying amount of trade receivables as of December 31, 2023 increased by a net amount of \$176,315 thousand, and the loss allowance decreased by \$277 thousand; compared with January 1, 2022, the total carrying amount of trade receivables as of December 31, 2022 decreased by a net amount of \$504,265 thousand, and the loss allowance did not change.

11. INVENTORIES

	December 31	
	2023	2022
Finished goods	\$ 196,451	\$ 589,104
Work in progress	630,206	1,298,800
Raw materials	92,674	315,819
Merchandise	18	26
	<u>\$ 919,349</u>	<u>\$ 2,203,749</u>

Cost of goods sold is defined as follows:

	For the Year Ended December 31	
	2023	2022
Cost of inventories sold	\$ 7,401,683	\$ 6,335,412
Allowance for inventory valuation loss (reversal of write-down inventories) (a)	(90,000)	113,000
Impairment loss on prepayment for purchase	112,000	167,520
Others	(33,262)	(39,585)
	<u>\$ 7,390,421</u>	<u>\$ 6,576,347</u>

- a. The reversal of the inventories to net receivable value was due to the circumstances that caused the net realizable value of inventories to be lower than its cost no longer existed.

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2023	2022
Investments in subsidiaries		
Sensortek Technology Corp.	\$ 1,959,092	\$ 1,964,628
Forcelead Technology Corp.	1,021,604	1,112,835
Sitronix Investment Corp.	280,473	224,163
HeFei Sitronix Co., Ltd.	449,489	415,216
mCore Technology Corp.	113,139	118,911
Sync-Tech System Corp.	359,425	319,695
Sitronix Holding International Ltd.	217,255	204,268
INFSitronix Technology Corp.	52,932	68,082
Sitronix Technology (Shenzhen) Co., Ltd.	28,514	27,022
HeFei Sitronix Technology Co., Ltd.	139,304	128,300
ezGreen Inc.	45,694	9,541
HeFei ezGreen Co., Ltd.	10,906	20,579
Seer Microelectronics, Inc.	76,007	-
	<u>\$ 4,753,834</u>	<u>\$ 4,613,240</u>

Name of Subsidiaries	Proportion of Ownership and Voting Rights	
	December 31	
	2023	2022
Sensortek Technology Corp.	46.06%	46.06%
Forcelead Technology Corp.	61.01%	70.76%
Sitronix Investment Corp.	100.00%	100.00%
HeFei Sitronix Co., Ltd.	90.00%	90.00%
mCore Technology Corp.	90.73%	90.73%
Sync-Tech System Corp.	42.19%	42.86%
Sitronix Holding International Ltd.	100.00%	100.00%
INFSitronix Technology Corp.	58.42%	58.42%
Sitronix Technology (Shenzhen) Co., Ltd.	100.00%	100.00%
HeFei Sitronix Technology Co., Ltd.	100.00%	100.00%
ezGreen Inc.	100.00%	100.00%
HeFei ezGreen Co., Ltd.	100.00%	100.00%
Seer Microelectronics, Inc.	72.66%	-

As of December 31, 2023, and 2022, the Company's shareholding ratio of Sensortek Technology Corp. were both 46.06%. Since Sensortek Technology Corp. is a TPEx listed company in the Republic of China, the remaining 53.94% of the shares held are widely dispersed. After considering the absolute number, relative size and distribution of shareholding held by the other shareholders, the Company was judged to have the substantive ability to dominate the relevant activities of Sensortek Technology Corp., therefore, it is classified as a subsidiary.

As of December 31, 2023, and 2022, the Company's shareholding ratio of Sync-Tech System Corp. were 42.19% and 42.86%, respectively and was the largest single shareholder of the latter. After considering the absolute number, relative size and distribution of shareholding held by the other shareholders, the Company was judged to have the substantive ability to dominate the relevant activities of Sync-Tech System Corp.,

therefore, it is classified as a subsidiary.

In 2023, the Company acquired Seer Microelectronics, Inc. by subscribing to its newly issued shares through capital increase. As a result, the company has accumulated a 72.66% equity stake therefore, it is classified as a subsidiary. For more information, please refer to Note 26.

Please refer to Note 27 for the acquisitions and disposals of investments in subsidiaries.

13. PROPERTY, PLANT AND EQUIPMENT

	<u>Freehold Land</u>	<u>Buildings</u>	<u>Machinery Equipment</u>	<u>Test Equipment</u>	<u>Office Equipment</u>	<u>Total</u>
<u>Cost</u>						
Balance at January 1, 2022	\$ 67,674	\$ 269,099	\$ 57,470	\$ 429,260	\$ 3,198	\$ 826,701
Additions	-	5,029	6,416	143,546	1,486	156,477
Disposals	-	-	(2,882)	(152,594)	(19)	(155,495)
Balance at December 31, 2022	<u>\$ 67,674</u>	<u>\$ 274,128</u>	<u>\$ 61,004</u>	<u>\$ 420,212</u>	<u>\$ 4,665</u>	<u>\$ 827,683</u>
<u>Accumulated depreciation</u>						
Balance at January 1, 2022	\$ -	\$ 107,873	\$ 45,469	\$ 280,110	\$ 2,718	\$ 436,170
Additions	-	5,728	6,409	84,034	280	96,451
Disposals	-	-	(2,787)	(152,564)	(19)	(155,370)
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 113,601</u>	<u>\$ 49,091</u>	<u>\$ 211,580</u>	<u>\$ 2,979</u>	<u>\$ 377,251</u>
Carrying amount at December 31, 2022	<u>\$ 67,674</u>	<u>\$ 160,527</u>	<u>\$ 11,913</u>	<u>\$ 208,632</u>	<u>\$ 1,686</u>	<u>\$ 450,432</u>
	<u>Freehold Land</u>	<u>Buildings</u>	<u>Machinery Equipment</u>	<u>Test Equipment</u>	<u>Office Equipment</u>	<u>Total</u>
<u>Cost</u>						
Balance at January 1, 2023	\$ 67,674	\$ 274,128	\$ 61,004	\$ 420,212	\$ 4,665	\$ 827,683
Additions	-	11,599	21,050	102,606	808	136,063
Disposals	-	(56)	(4,669)	(15,954)	-	(20,679)
Reclassification	22,903	48,350	-	-	-	71,253
Balance at December 31, 2023	<u>\$ 90,577</u>	<u>\$ 334,021</u>	<u>\$ 77,385</u>	<u>\$ 506,864</u>	<u>\$ 5,473</u>	<u>\$ 1,014,320</u>
<u>Accumulated depreciation</u>						
Balance at January 1, 2023	\$ -	\$ 113,601	\$ 49,091	\$ 211,580	\$ 2,979	\$ 377,251
Additions	-	8,253	8,404	97,105	478	114,240
Disposals	-	(56)	(4,651)	(15,954)	-	(20,661)
Reclassification	-	5,925	-	-	-	5,925
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ 127,723</u>	<u>\$ 52,844</u>	<u>\$ 292,731</u>	<u>\$ 3,457</u>	<u>\$ 476,755</u>
Carrying amount at December 31, 2023	<u>\$ 90,577</u>	<u>\$ 206,298</u>	<u>\$ 24,541</u>	<u>\$ 214,133</u>	<u>\$ 2,016</u>	<u>\$ 537,565</u>

The Company's of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	
Main buildings	50 years
Renovation construction / Lease improvement	5 years
Machinery equipment	3~4 years
Test equipment	3~6 years
Office equipment	5~6 years

14. LEASE ARRANGEMENT

a. Right-of-use assets

	December 31	
	2023	2022
<u>Carrying amounts</u>		
Buildings	\$ 60,550	\$ 85,480
Office equipment	3,705	1,955
	<u>\$ 64,255</u>	<u>\$ 87,435</u>
	<u>For the Year Ended December 31</u>	
	2023	2022
Additions to right-of-use assets	<u>\$ 3,663</u>	<u>\$ 9,491</u>
Depreciation charge for right-of-use assets		
Buildings	\$ 24,930	\$ 24,518
Office equipment	1,913	1,730
	<u>\$ 26,843</u>	<u>\$ 26,248</u>

Except for the additions and recognition of depreciation expenses listed above, there was no significant sublease or impairment of the Company's right-of-use assets in 2023 and 2022.

b. Lease liabilities

	December 31	
	2023	2022
<u>Carrying amounts</u>		
Current	<u>\$ 26,401</u>	<u>\$ 25,642</u>
Non-current	<u>\$ 39,106</u>	<u>\$ 62,871</u>

Range of discount rates for lease liabilities was as follows:

	December 31	
	2023	2022
Buildings	1.345%	1.345%
Office equipment	1.720%~2.115%	1.345%~1.720%

c. Material lease activities and terms

The Company leases various assets including buildings and office equipment with lease terms between 2~5 years. The leased buildings includes factory and offices, and the leased office equipment includes rental cars. The Company does not have bargain purchase or renewal options to acquire or renew the leases when they expire.

d. Other lease information

Lease arrangements under operating leases for the leasing out of investment properties are set out in Note 15.

	For the Year Ended December 31	
	2023	2022
Expenses relating to short-term leases	\$ 2,423	\$ 1,438
Expenses relating to low-value asset leases	\$ 65	\$ 45
Total cash outflow for leases	\$ 30,217	\$ 28,440

The Company's leases of certain parking spaces qualify as short-term leases and leases of machinery qualify as low-value asset leases. The Company has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

15. INVESTMENT PROPERTIES

	Land	Buildings	Total
<u>Cost</u>			
Balance at January 1 and December 31, 2022	\$ 144,860	\$ 399,527	\$ 544,387
<u>Accumulated depreciation</u>			
Balance at January 1, 2022	\$ -	\$ 84,459	\$ 84,459
Depreciation expense	-	7,859	7,859
Balance at December 31, 2022	\$ -	\$ 92,318	\$ 92,318
Carrying amount at December 31, 2022	\$ 144,860	\$ 307,209	\$ 452,069
<u>Cost</u>			
Balance at January 1, 2023	\$ 144,860	\$ 399,527	\$ 544,387
Reclassification	(22,903)	(48,350)	(71,253)
Balance at December 31, 2023	\$ 121,957	\$ 351,177	\$ 473,134
<u>Accumulated depreciation</u>			
Balance at January 1, 2023	\$ -	\$ 92,318	\$ 92,318
Additions	-	6,990	6,990
Reclassification	-	(5,925)	(5,925)
Balance at December 31, 2023	\$ -	\$ 93,383	\$ 93,383
Carrying amount at December 31, 2023	\$ 121,957	\$ 257,794	\$ 379,751

The above mentioned investment properties were leased out for 1 to 5 years. The lessees do not have bargain purchase options to acquire the investment properties at the expiry of the lease periods.

The future minimum lease payments of operating lease commitments were as follows:

	December 31	
	2023	2022
Year 1	\$ 22,579	\$ 18,154
Year 2	21,578	2,149
Year 3	19,430	2,148
More than 3 years	38,860	-
	<u>\$ 102,447</u>	<u>\$ 22,451</u>

Investment properties are depreciated using the straight-line method over their estimated useful lives of 50 years.

The determination of fair values of the Company's investment properties was performed by independent qualified professional values of the China Real Estate Appraising Firm using Level 3 inputs. The evaluation is based on the cost method and the weighted average of the income method and the market comparison method. The significant unobservable input used include the discount rate, and the appraised fair values are as follows:

	December 31	
	2023	2022
Fair value	<u>\$ 636,276</u>	<u>\$ 715,997</u>

All of the Company's investment properties were held under freehold interests.

16. INTANGIBLE ASSETS

	Royalty	Computer Software	Total
<u>Cost</u>			
Balance at January 1, 2022	\$ 85,126	\$ 88,756	\$ 173,882
Additions	3,038	35,572	38,610
Disposals	-	(1,146)	(1,146)
Balance at December 31, 2022	<u>\$ 88,164</u>	<u>\$ 123,182</u>	<u>\$ 211,346</u>
<u>Accumulated amortization</u>			
Balance at January 1, 2022	\$ 83,108	\$ 69,254	\$ 152,362
Amortization expenses	1,900	19,948	21,848
Disposals	-	(1,146)	(1,146)
Balance at December 31, 2022	<u>\$ 85,008</u>	<u>\$ 88,056</u>	<u>\$ 173,064</u>
Carrying amount at December 31, 2022	<u>\$ 3,156</u>	<u>\$ 35,126</u>	<u>\$ 38,282</u>
<u>Cost</u>			
Balance at January 1, 2023	\$ 88,164	\$ 123,182	\$ 211,346
Additions	12,474	86,581	99,055
Balance at December 31, 2023	<u>\$ 100,638</u>	<u>\$ 209,763</u>	<u>\$ 310,401</u>

(Continued)

	Royalty	Computer Software	Total
<u>Accumulated amortization</u>			
Balance at January 1, 2023	\$ 85,008	\$ 88,056	\$ 173,064
Amortization expenses	3,028	38,167	41,195
Balance at December 31, 2023	<u>\$ 88,036</u>	<u>\$ 126,223</u>	<u>\$ 214,259</u>
Carrying amount at December 31, 2023	<u>\$ 12,602</u>	<u>\$ 83,540</u>	<u>\$ 96,142</u>
			(Concluded)

Intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Royalty	2~8 years
Computer software	2~6 years

17. OTHER ASSETS

	December 31	
	2023	2022
<u>Current</u>		
Prepayments		
Input tax and offset against business tax	\$ 50,425	\$ 33,375
Prepayments	10,887	22,866
Prepaid probe cards	12,095	22,523
	<u>\$ 73,407</u>	<u>\$ 78,764</u>
<u>Non-current</u>		
Other non-current assets		
Refundable deposits (b)	\$ 432,954	\$ 562,203
Long-term prepayment for purchase (a)	-	112,001
Prepayments for equipment	15,422	15,475
	<u>\$ 448,376</u>	<u>\$ 689,679</u>

a. The Company has signed purchase agreements with fabs, and the prepayment has been made in advance according to the agreements, please refer to Note 33 for the details.

b. Please refer to Note 33 for details of the contract terms related to the capacity guarantee agreements.

18. SHORT-TERM BORROWINGS

	December 31	
	2023	2022
<u>Unsecured borrowings</u>		
Bank loans	<u>\$ -</u>	<u>\$ 18,119</u>

The range of weighted average effective interest rates on bank loans was 4.968% as of December 31, 2022.

19. OTHER LIABILITIES

	December 31	
	2023	2022
<u>Current</u>		
Other payables		
Payables for salaries and bonuses	\$ 523,256	\$ 848,772
Payables for equipment	7,745	17,226
Payables for research	14,225	11,130
Others	210,449	194,717
	<u>\$ 755,675</u>	<u>\$ 1,071,845</u>
	December 31	
	2023	2022
Other liabilities		
Contract liabilities	\$ 65,193	\$ 86,174
Others	5,981	5,691
Temporary receipts	21	363
	<u>\$ 71,195</u>	<u>\$ 92,228</u>

20. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plans

The defined benefit plan adopted by the Company in accordance with the Labor Standards Act is operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy.

The amounts based on the actuarial report of the Company's defined benefit plans were as follows:

	December 31	
	2023	2022
Present value of defined benefit obligation	\$ 93,558	\$ 94,582
Fair value of the plan assets	(67,203)	(63,191)
Net defined benefit liabilities	<u>\$ 26,355</u>	<u>\$ 31,391</u>

Movements in net defined benefit liabilities were as follows:

	Present Value of Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2022	\$ 94,994	(\$ 56,717)	\$ 38,277
Service cost			
(Gain) Loss on settlements	(626)	-	(626)
Net interest expense (income)	660	(401)	259
Recognized in profit or loss	34	(401)	(367)
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(4,312)	(4,312)
Actuarial loss - change in demographic assumptions	42	-	42
Actuarial gain - change in financial assumptions	(5,770)	-	(5,770)
Actuarial loss - experience adjustments	7,975	-	7,975
Recognized in other comprehensive income (loss)	2,247	(4,312)	(2,065)
Contributions from the employer	-	(2,603)	(2,603)
Benefit payments	(2,693)	842	(1,851)
Balance at December 31, 2022	94,582	(63,191)	31,391
Net interest expense (income)	1,220	(829)	391
Recognized in profit or loss	1,220	(829)	391
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(520)	(520)
Actuarial loss - change in demographic assumptions	2	-	2
Actuarial loss - change in financial assumptions	774	-	774
Actuarial gain - experience adjustments	(3,020)	-	(3,020)
Recognized in other comprehensive income (loss)	(2,244)	(520)	(2,764)
Contributions from the employer	-	(2,663)	(2,663)
Balance at December 31, 2023	\$ 93,558	(\$ 67,203)	\$ 26,355

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans is as follows:

	For the Year Ended December 31	
	2023	2022
Selling and marketing expenses	\$ 47	\$ 26
General and administrative expenses	101	56
Research and development expenses	243	(449)
	\$ 391	(\$ 367)

Through the defined benefit plans under the Labor Standards Act, the Company is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2023	2022
Discount rate	1.20%	1.30%
Expected rate of salary increase	4.00%	4.00%

If possible reasonable change in each of the significant actuarial assumptions occurs and all other assumptions remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	December 31	
	2023	2022
Discount rate		
0.25% increase	(\$ 1,916)	(\$ 2,253)
0.25% decrease	\$ 1,984	\$ 2,333
Expected rate of salary increase		
0.25% increase	\$ 1,925	\$ 2,266
0.25% decrease	(\$ 1,870)	(\$ 2,200)

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2023	2022
Expected contributions to the plan for the next year	\$ 2,470	\$ 2,607
Average duration of the defined benefit obligation	9 years	9 years

21. EQUITY

a. Share capital

	December 31	
	2023	2022
Number of shares authorized (in thousands)	200,000	200,000
Share capital	\$ 2,000,000	\$ 2,000,000
Number of shares issued and fully paid (in thousands)	120,137	120,137
Shares issued	\$ 1,201,369	\$ 1,201,369

Fully paid ordinary shares, which have a par value of \$10, carry one vote per share and carry a right to dividends.

The authorized shares include 20,000 thousand shares reserved for the exercise of employee stock options.

b. Capital surplus

	December 31	
	2023	2022
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)</u>		
Issuance of ordinary shares	\$ 401,995	\$ 401,995
Conversion of bonds	335,041	335,041
Treasury share transactions	14,255	8,114
Differences between the consideration received and the carrying amount of subsidiaries' net assets during actual acquisitions or disposals	120,849	-
<u>May be used to offset a deficit only</u>		
Changes in percentage of ownership interests in subsidiaries (2)	967,309	945,590
	<u>\$ 1,839,449</u>	<u>\$ 1,690,740</u>

1) Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).

2) Such capital surplus arises from the effect of changes in ownership interests in subsidiaries resulting from equity transactions other than actual disposals or acquisitions, or from changes in capital surplus of subsidiaries accounted for using the equity method.

c. Retained earnings and dividends policy

Under the dividends policy as set in the Company's Article of Incorporation (the "Article"), the board of directors is authorized to adopt a special resolution to distribute all or part of the dividends and bonuses in cash, and a report of such distribution should be submitted in the latest shareholders' meeting.

Under the dividends policy as set forth in the Articles, where the Company made a profit in a fiscal year, the profit shall be distributed in the following order:

- 1) Utilized for paying taxes.
- 2) Offsetting losses of previous years.
- 3) Setting aside as a legal reserve of 10% of the remaining profit (legal reserve that has reached the company's paid-in capital is not subject to this condition).
- 4) Setting aside or reversing a special reserve in accordance with the laws and regulations.
- 5) Any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders.

For the policies on the distribution of employees' compensation and remuneration of directors, refer to employees' compensation and remuneration of directors in Note 23(h).

The distribution of dividends to shareholders of the Company can be made in cash or shares, but the proportion of cash dividends distributed should not be less than 10% of the total dividends distributed. The dividends policy is dependent on the Company's current and future investment environment, capital needs, domestic and international competition and capital budget, etc., taking into account the interests of shareholders, balance of dividends and long-term financial planning of the Company, the board of directors plans to distribute the case to the shareholders' meeting.

Appropriation of earnings to the legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriations of earnings for 2022 and 2021 were as follows:

	For the Year Ended December 31	
	2022	2021
Legal reserve	\$ 363,285	\$ 601,513
Appropriations (Reversals) special reserve	\$ 182,761	(\$ 74,759)
Cash dividends	\$ 2,643,011	\$ 3,844,380
Cash dividends per share (NT\$)	\$ 22	\$ 32

The above appropriations for cash dividends were resolved by the Company's board of directors on March 16, 2023 and March 17, 2022, respectively; the other proposed appropriations were resolved by the shareholders in their meeting on June 21, 2023 and June 23, 2022, respectively.

The appropriation of earnings for 2023 had been proposed by the Company's board of directors on March 7, 2024. The appropriation and dividends per share were as follows:

	For the Year Ended December 31, 2023
Legal reserve	\$ 186,117
Reversal special reserve	(\$ 211,838)
Cash dividends	\$ 1,441,642
Cash dividends per share (NT\$)	\$ 12

The aforementioned distribution of cash dividends has been resolved by the board of directors, and the rest has yet to be resolved at the shareholders' meeting to be held on June 20, 2024.

d. Special reserve

	For the Year Ended December 31	
	2023	2022
Balance at January 1	\$ 105,464	\$ 180,223
Appropriations (Reversals) in respect of		
Debits to other equity items	182,761	(74,759)
Balance at December 31	<u>\$ 288,225</u>	<u>\$ 105,464</u>

e. Other equity items

1) Exchange differences on translating the financial statements of foreign operations

	For the Year Ended December 31	
	2023	2022
Balance at January 1	\$ 9,186	(\$ 14,086)
Share from investments accounted for using the equity method	(11,944)	23,272
Balance at December 31	<u>(\$ 2,758)</u>	<u>\$ 9,186</u>

2) Unrealized gain (loss) on financial assets at FVTOCI

	For the Year Ended December 31	
	2023	2022
Balance at January 1	(\$ 290,948)	(\$ 91,377)
Recognized for the year		
Unrealized gain (loss) - debt instruments	839	(695)
Unrealized gain (loss) - equity instruments	144,214	(98,259)
Share from investments accounted for using the equity method	72,210	(79,993)
Cumulative unrealized (gain) loss of equity instruments transferred to retained earnings due to disposal	(58)	(20,624)
Disposal of subsidiaries' partial equity	113	-
Balance at December 31	<u>(\$ 73,630)</u>	<u>(\$ 290,948)</u>

f. Treasury shares

The Company's shares held by its subsidiary	Number of Shares
Number of shares at January 1, 2023 and December 31, 2023	<u>606,000</u>
Number of shares at January 1, 2022	329,000
Increase during the year	<u>277,000</u>
Number of shares at December 31, 2022	<u>606,000</u>

The Company's shares held by its subsidiary at the end of the reporting period were as follows:

Name of Subsidiary	Number of Shares Held	Carrying Amount	Market Price
<u>December 31, 2023</u>			
Sensortek Technology Corp.	606,000	\$ 168,468	\$ 168,468
<u>December 31, 2022</u>			
Sensortek Technology Corp.	606,000	\$ 107,565	\$ 107,565

The Company's shares held by its subsidiary are treated as treasury shares.

22. REVENUE

a. Disaggregation of revenue

Product	For the Year Ended December 31	
	2023	2022
Integrated circuits	\$ 10,176,433	\$ 11,430,072
Others	146,112	159,527
	<u>\$ 10,322,545</u>	<u>\$ 11,589,599</u>
Primary geographical markets	For the Year Ended December 31	
	2023	2022
Hong Kong	\$ 8,052,812	\$ 9,395,705
Vietnam	988,167	999,340
South Korea	447,273	317,785
Taiwan	279,792	493,250
India	234,887	87,772
Others	319,614	295,747
	<u>\$ 10,322,545</u>	<u>\$ 11,589,599</u>

The basis of calculation of the Company's revenue segregated by geographical location is mainly based on the location the goods were shipped as designated by the customers.

b. Contract balances

	December 31		January 1,
	2023	2022	2022
Trade receivables (Note 10)	\$ 814,119	\$ 670,871	\$ 1,141,792
Trade receivables from related parties (Note 31)	28,887	34,294	28,891
	<u>\$ 843,006</u>	<u>\$ 705,165</u>	<u>\$ 1,170,683</u>
Contract liabilities - current (Note 19)			
Sales of goods	<u>\$ 65,193</u>	<u>\$ 86,174</u>	<u>\$ 61,627</u>

Revenue recognized in the current year that was included in the contract liability balance at the beginning of the year is as follows:

	For the Year Ended December 31	
	2023	2022
<u>From contract liabilities at the start of the year</u>		
Sales of goods	\$ 80,338	\$ 54,984

Changes in contract liabilities are mainly due to the timing difference between the satisfaction of performance obligations and customer payment.

23. NET PROFIT

a. Other operating income and expense

	For the Year Ended December 31	
	2023	2022
Gain on sublease of right-of-use assets	\$ 1,504	\$ 1,460
Loss on disposal of property, plant and equipment	(18)	(2)
	\$ 1,486	\$ 1,458

b. Interest income

	For the Year Ended December 31	
	2023	2022
Financial assets at amortized cost	\$ 61,464	\$ 41,393
Investments in debt instruments at FVTOCI	1,757	580
Financial asset at FVTPL	7,645	4,400
Others	454	321
	\$ 71,320	\$ 46,694

c. Other income

	For the Year Ended December 31	
	2023	2022
Rental income	\$ 23,294	\$ 24,286
Dividend income	20,730	26,097
Others	31,808	43,674
	\$ 75,832	\$ 94,057

d. Other gains and losses

	For the Year Ended December 31	
	2023	2022
Net foreign exchange gains	\$ 11,760	\$ 113,681
Depreciation of investment property	(6,990)	(7,859)
Gain on financial assets designated as at FVTPL	40,892	4,309
	\$ 45,662	\$ 110,131

e. Finance costs

For the Year Ended December 31

	2023	2022
Interest on loans	\$ 1,591	\$ 90
Interest on lease liabilities	1,060	1,314
Other interest expenses	51	40
	<u>\$ 2,702</u>	<u>\$ 1,444</u>

f. Depreciation and amortization

For the Year Ended December 31

	2023	2022
Property, plant and equipment	\$ 114,240	\$ 96,451
Investment properties	6,990	7,859
Right-of-use assets	26,843	26,248
Intangible assets	41,195	21,848
	<u>\$ 189,268</u>	<u>\$ 152,406</u>

An analysis of depreciation by function

Operating expenses	\$ 121,460	\$ 105,278
Operating costs	19,623	17,421
Depreciation of investment property	6,990	7,859
	<u>\$ 148,073</u>	<u>\$ 130,558</u>

An analysis of amortization by function

Operating expenses	<u>\$ 41,195</u>	<u>\$ 21,848</u>
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g. Employee benefits expense

For the Year Ended December 31

	2023	2022
Short-term benefits	\$ 1,036,093	\$ 1,444,770
Post-employment benefits		
Defined contribution plans	27,900	26,070
Defined benefit plans (Note 20)	391	(367)
Share-based payments Equity-settled	3,092	12
	<u>\$ 1,067,476</u>	<u>\$ 1,470,485</u>

An analysis of employee benefits expense by function

Operating expenses	<u>\$ 1,067,476</u>	<u>\$ 1,470,485</u>
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h. Employees' compensation and remuneration of directors

According to the articles of incorporation of the Company, the Company accrued employees' compensation and remuneration of directors at rates of no less than 1% and no higher than 25%, and rates of no higher than 3%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. The employees' compensation and the remuneration of directors for the years ended December 31, 2023 and 2022, which were approved by the Company's board of directors on March 7, 2024 and March 16, 2023 respectively, are as follows:

Amount

	For the Year Ended December 31			
	2023		2022	
	Cash	Shares	Cash	Shares
Employees' compensation	\$ 165,555	\$ -	\$ 317,180	\$ -
Remuneration of directors	24,833	-	58,816	-

If there is a change in the amounts after the annual parent company only financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

There is no difference between the actual amounts of employees' compensation and remuneration of directors resolved by the Board of Directors and the amount recognized in the parent company only financial statements for the years ended December 31, 2023 and 2022.

Information on the employees' compensation and remuneration of directors resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

i. Gains or losses on foreign currency exchange

	For the Year Ended December 31	
	2023	2022
Foreign exchange gains	\$ 195,024	\$ 446,290
Foreign exchange losses	(183,264)	(332,609)
Net benefit	\$ 11,760	\$ 113,681

24. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	For the Year Ended December 31	
	2023	2022
Current tax		
In respect of the current year	\$ 182,854	\$ 536,542
Income tax on unappropriated earnings	22,189	82,200
Adjustments for prior years	(5,340)	(61,905)
	199,703	556,837
Deferred tax		
In respect of the current year	10,076	4,793
Income tax expense recognized in profit or loss	\$ 209,779	\$ 561,630

A reconciliation of accounting profit and income tax expenses is as follows:

	For the Year Ended December 31	
	2023	2022
Profit before tax	\$ 2,068,120	\$ 4,171,795

(Continued)

	For the Year Ended December 31	
	2023	2022
Income tax calculated at the statutory rate	\$ 413,624	\$ 834,359
Deductible expenses in determining taxable income	(108,999)	(191,870)
Non-deductible expenses in determining taxable income	-	461
Income tax on unappropriated earnings	22,189	82,200
Impact of the temporary differences	(11,885)	47,534
Effects of investment credits	(99,810)	(149,149)
Adjustments for prior years' tax	(5,340)	(61,905)
Income tax expense recognized in profit or loss	<u>\$ 209,779</u>	<u>\$ 561,630</u>
		(Concluded)

b. Current tax liabilities

	December 31	
	2023	2022
Current tax liabilities		
Income tax payable	<u>\$ 278,226</u>	<u>\$ 630,146</u>

c. Deferred tax assets and liabilities

The movements of deferred tax assets and liabilities were as follows:

For the year ended December 31, 2023

Deferred Tax Assets	January 1, 2023	Recognized in Profit or Loss	December 31, 2023
Temporary differences	<u>\$ 9,191</u>	<u>(\$ 3,420)</u>	<u>\$ 5,771</u>

Deferred Tax Liabilities	January 1, 2023	Recognized in Profit or Loss	December 31, 2023
Temporary differences	<u>\$ 11,697</u>	<u>\$ 6,656</u>	<u>\$ 18,353</u>

For the year ended December 31, 2022

Deferred Tax Assets	January 1, 2022	Recognized in Profit or Loss	December 31, 2022
Temporary differences	<u>\$ 12,993</u>	<u>(\$ 3,802)</u>	<u>\$ 9,191</u>

Deferred Tax Liabilities	January 1, 2022	Recognized in Profit or Loss	December 31, 2022
Temporary differences	<u>\$ 10,706</u>	<u>\$ 991</u>	<u>\$ 11,697</u>

d. Deductible temporary differences for which no deferred assets have been recognized in the parent company only balance sheets

	December 31	
	2023	2022
Deductible temporary differences	\$ 275,439	\$ 332,956

e. Information on unrecognized deferred income tax liabilities associated with investments

As of December 31, 2023 and 2022, there were no recognized taxable temporary differences associated with investments in subsidiaries for which no deferred tax liabilities were recognized.

f. Income tax assessments

The Company's tax returns through 2021 have been assessed by the tax authorities.

25. EARNINGS PER SHARE

	Unit: NT\$ Per Share	
	For the Year Ended December 31	
	2023	2022
Basic earnings per share	\$ 15.50	\$ 30.10
Diluted earnings per share	\$ 15.39	\$ 29.57

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share are as follows:

Net Income for the Year

	For the Year Ended December 31	
	2023	2022
Net income for the year	\$ 1,858,341	\$ 3,610,165
Earnings used in the computation of basic earnings per share	\$ 1,858,341	\$ 3,610,165
Effect of potentially dilutive ordinary shares:		
Employee s' compensation	-	-
Earnings used in the computation of diluted earnings per share	\$ 1,858,341	\$ 3,610,165

Shares

	Unit: in thousands of shares	
	For the Year Ended December 31	
	2023	2022
Weighted average number of ordinary shares used in the computation of basic earnings per share	119,858	119,928
Effect of potentially dilutive ordinary shares:		
Employees' compensation	881	2,164
Weighted average number of ordinary shares used in the computation of diluted earnings per share	120,739	122,092

Since the Company offered to settle compensation or bonuses paid to employees in cash or shares, the Company assumes that the entire amount of the compensation or bonus will be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

26. ACQUISITION OF INVESTMENT SUBSIDIARIES – ACQUISITION OF CONTROL OVER A BUSINESS

	Principal Activity	Date of Acquisition	Proportion of Voting Equity Interests Acquired (%)	Consideration Transferred
Seer Microelectronics, Inc.	High performance sensor IC with single photon design and applications	July 5, 2023	56.54	\$ <u>40,000</u>

Seer Microelectronics, Inc. were acquired on July 5, 2023 in order to continue the expansion of the Company's activities in scale and product mix. For the description of the acquisition of Seer Microelectronics, Inc., please refer to Note 28 of the Company's consolidated financial statements for the year ended December 31, 2023.

27. PARTIAL ACQUISITION OR DISPOSAL OF INVESTMENT SUBSIDIARIES - WITHOUT LOSS OF CONTROL

On August 6, 2023, the Company did not participate in the cash capital increase of Seer Microelectronics, Inc. in proportion to its existing ownership, the Company's shareholding percentage increased from 56.54% to 72.66%.

On December 14, 2023, due to the Company sold part of the Forcelead Technology Corp.'s shares, the Company's shareholding percentage decreased from 64.00% to 61.01%.

Due to the distribution of employees' compensation in the form of shares by Forcelead Technology Corp's on July 20, 2023, the Company's shareholding percentage decreased from 68.76% to 64.00%.

On April 20, 2023, due to the Forcelead Technology Corp.'s employees execute options to issue new shares, the Company's shareholding percentage decreased from 70.76% to 68.76%.

On August 24, 2022, due to the Forcelead Technology Corp.'s employees execute options to issue new shares, the Company's shareholding percentage decreased from 72.88% to 70.76%.

Due to the distribution of employees' compensation in the form of shares by Forcelead Technology Corp. on June 28, 2022, the Company's shareholding percentage decreased from 83.48% to 72.88%.

Due to the distribution of employees' compensation in the form of shares by Sync-Tech system Corp. on July 16, 2023, the Company's shareholding percentage decreased from 42.86% to 42.19%.

Due to the distribution of employees' compensation in the form of shares by Sync-Tech system Corp. on July 17, 2022, the Company's shareholding percentage decreased from 45.73% to 42.86%.

The above transactions were accounted for as equity transactions, since the Company did not cease to have control over these subsidiaries. Description of the partial acquisition of subsidiaries, please refer to Note 29 of the Company's consolidated financial statements for the year ended December 31, 2023.

28. CASH FLOW INFORMATION

a. Changes in liabilities arising from financing activities

For the Year Ended December 31, 2023

	January 1, 2023	Cash Flows	Non-cash Changes Foreign Exchange Movement	New Leases	December 31, 2023
Short-term borrowings	\$ 18,119	(\$ 18,045)	(\$ 74)	\$ -	\$ -
Lease liabilities	88,513	(26,669)	-	3,663	65,507
					(Continued)

	January 1, 2023	Cash Flows	Non-cash Changes		December 31, 2023
			Foreign Exchange Movement	New Leases	
Guarantee deposits received	142,563	(64,631)	(5,927)	-	72,005
	<u>\$ 249,195</u>	<u>(\$ 109,345)</u>	<u>(\$ 6,001)</u>	<u>\$ 3,663</u>	<u>\$ 137,512</u>
					(Concluded)

For the Year Ended December 31, 2022

	January 1, 2022	Cash Flows	Non-cash Changes		December 31, 2022
			Foreign Exchange Movement	New Leases	
Short-term borrowings	\$ -	\$ 18,045	\$ 74	\$ -	\$ 18,119
Lease liabilities	104,665	(25,643)	-	9,491	88,513
Guarantee deposits received	69,885	59,180	13,498	-	142,563
	<u>\$ 174,550</u>	<u>\$ 51,582</u>	<u>\$ 13,572</u>	<u>\$ 9,491</u>	<u>\$ 249,195</u>

29. CAPITAL RISK MANAGEMENT

The Company manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance.

The capital structure of the Company consists of net debt (borrowings offset by cash and cash equivalents) and equity of the Company (comprising issued capital, reserves, retained earnings and other equity).

The Company is not subject to any externally imposed capital requirements.

30. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

The management considers that the carrying amounts of financial assets and financial liabilities recognized in the financial statements are relatively close to their fair values.

b. Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2023

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at FVTPL</u>				
Domestic corporate funds	\$ 214,260	\$ -	\$ -	\$ 214,260
Convertible bonds	70,409	-	-	70,409
Exchangeable bonds	20,760	-	-	20,760
Domestic listed shares	476	-	-	476
Limited partnership	-	-	82,174	82,174
Derivative instrument				
Credit linked notes - linked				
with convertible bonds	-	215,930	-	215,930
Equity linked notes	-	15,466	-	15,466
				(Continued)

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Foreign exchange forward contracts and foreign exchange swap contracts	\$ -	\$ 27,931	\$ -	\$ 27,931
	<u>\$ 305,905</u>	<u>\$ 259,327</u>	<u>\$ 82,174</u>	<u>\$ 647,406</u>
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments at FVTOCI				
Domestic listed shares	\$ 325,565	\$ -	\$ -	\$ 325,565
Domestic unlisted equity investments	-	-	183,694	183,694
Foreign unlisted equity investments	-	-	296,877	296,877
Investments in debt instruments at FVTOCI				
Domestic corporate bonds	-	49,738	-	49,738
Foreign corporate bonds	-	61,680	-	61,680
	<u>\$ 325,565</u>	<u>\$ 111,418</u>	<u>\$ 480,571</u>	<u>\$ 917,554</u>
<u>Financial liabilities at FVTPL</u>				
Derivative instruments				
Foreign exchange forward contracts and foreign exchange swap contracts	\$ -	\$ 20,881	\$ -	\$ 20,881
				(Concluded)
<u>December 31, 2022</u>				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at FVTPL</u>				
Domestic corporate funds	\$ 169,214	\$ -	\$ -	\$ 169,214
Convertible bonds	60,712	-	-	60,712
Exchangeable bonds	20,040	-	-	20,040
Domestic listed shares	394	-	-	394
Limited partnership	-	-	34,768	34,768
Derivative instruments				
Credit linked notes - linked with convertible bonds	-	205,409	-	205,409
Equity linked notes	-	15,355	-	15,355
Foreign exchange forward contracts and foreign exchange swap contracts	-	45,493	-	45,493
	<u>\$ 250,360</u>	<u>\$ 266,257</u>	<u>\$ 34,768</u>	<u>\$ 551,385</u>
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments at FVTOCI				
Domestic listed shares	\$ 244,225	\$ -	\$ -	\$ 244,225
Domestic unlisted equity investments	-	-	163,843	163,843
Foreign unlisted equity investments	-	-	231,506	231,506

(Continued)

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments in debt instruments at FVTOCI				
Foreign corporate bonds	\$ -	\$ 29,370	\$ -	\$ 29,370
	<u>\$ 244,225</u>	<u>\$ 29,370</u>	<u>\$ 395,349</u>	<u>\$ 668,944</u>
<u>Financial liabilities at FVTPL</u>				
Derivative instruments				
Foreign exchange forward contracts and foreign exchange swap contracts	\$ -	\$ 35,362	\$ -	\$ 35,362
				(Concluded)

For the years ended December 31, 2023 and 2022, there were no transfers between Level 1 and Level 2 fair value measurements.

2) Valuation techniques and inputs applied for Level 2 fair value measurement

<u>Financial Instruments</u>	<u>Valuation Techniques and Inputs</u>
Foreign corporate bonds	Based on the public market quotes provided by third-party agencies.
Credit linked notes - linked with convertible bonds	Based on the public market quotation of convertible bond, the parameters of the repurchase, the coupon interest and the interest compensation are considered as the basis for fair value measurement.
Equity linked notes	Based on the public market quotation of stock, the parameters of the repurchase and the interest compensation are considered as the basis for fair value measurement.
Derivatives - foreign exchange forward contracts and foreign exchange swap contracts	Discounted cash flow method: Estimate the future cash flow at the end of the period by observing the forward exchange rate and the exchange rate and interest rate set by the contract, and have already discounted the discount rate of each counterparty's credit risk.

3) Valuation techniques and inputs applied for Level 3 fair value measurement

Domestic and foreign unlisted equity investments are evaluated by the method of net asset value. The management of the Company evaluates the target of such equity investments with the active market quotation, and the net asset amount tends to the fair value of the equity investments.

Domestic and foreign unlisted equity investments and the domestic limited partnership is valued using the net asset value method. The management of the Company evaluates that the amount of the net assets of this investment is equivalent to its fair value. The evaluation covers the total value of the investment's individual assets and liabilities, which reflects the value of the entity or business.

4) Adjustment of financial instruments measured using Level 3 fair values

The Company's financial assets under level 3 fair value measurement are financial assets at FVTPL and equity instruments measured at fair value through other comprehensive income.

For the Year Ended December 31, 2023

	Financial instruments at FVTPL	Financial instruments at FVTOCI	Total
Balance at January 1	\$ 34,768	\$ 395,349	\$ 430,117
Additions	40,000	-	40,000
Disposal	(467)	-	(467)
Recognized under profit or loss	7,873	-	7,873
Recognized under other comprehensive income	-	85,222	85,222
Balance at December 31	<u>\$ 82,174</u>	<u>\$ 480,571</u>	<u>\$ 562,745</u>

For the Year Ended December 31, 2022

	Financial instruments at FVTPL	Financial instruments at FVTOCI	Total
Balance at January 1	\$ 18,067	\$ 476,394	\$ 494,461
Additions	20,000	15,000	35,000
Recognized under profit or loss	(3,299)	-	(3,299)
Recognized under other comprehensive income	-	(96,045)	(96,045)
Balance at December 31	<u>\$ 34,768</u>	<u>\$ 395,349</u>	<u>\$ 430,117</u>

c. Categories of financial instruments

	December 31	
	2023	2022
<u>Financial assets</u>		
Financial assets at FVTPL		
Mandatorily classified as at FVTPL	\$ 647,406	\$ 551,385
Financial assets at amortized cost (1)	5,252,853	5,327,064
Financial assets at FVTOCI		
Equity instruments	806,136	639,574
Debt instruments	111,418	29,370
<u>Financial liabilities</u>		
Financial liabilities at FVTPL		
Held for trading	20,881	35,362
Financial liabilities at amortized cost (2)	1,468,781	1,066,141

- 1) The balances include financial assets measured at amortized cost, which comprise cash and cash equivalents, pledged fixed deposits, time deposits with original maturities more than 3 months, notes and trade receivables (including receivables from related parties), other receivables (including other receivables from related parties), other current assets and refundable deposits.

- 2) The balances include financial liabilities at amortized cost, which comprise short-term borrowings, notes and trade payables (including payables to related parties), other payables (including other payables to related parties), temporary receipts and guarantee deposits.

d. Financial risk management objectives and policies

The Company's major financial instruments include equity and debt investments, trade receivables, trade payables and short-term borrowings. The Company's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Company seeks to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Company's policies approved by the board of directors, which provided written principles on foreign currency risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The Company did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

1) Market risk

The Company's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below). The Company entered into a variety of derivative financial instruments to manage its exposure to foreign currency risk and interest rate risk.

There has been no change in the Company's exposure to market risks or the manner in which these risks are managed and measured.

a) Foreign currency risk

The Company's operating activities are partially denominated in foreign currencies and thus have partial natural hedging effects.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities and of the derivatives exposed to foreign currency risk at the end of the reporting period are set out in Note 34.

Sensitivity analysis

The Company was mainly exposed to the USD, JPY and CNY.

The following table details the Company's sensitivity to a 5% increase and decrease in the New Taiwan dollar (i.e. the functional currency) against the relevant foreign currencies. The sensitivity analysis included only outstanding foreign currency denominated monetary items, and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rates. A positive (negative) number below indicates an increase (decrease) in pre-tax profit and other equity associated with the New Taiwan dollar weakening (strengthening) 5% against the relevant currency.

	USD Impact		JPY Impact		CNY Impact	
	For the Year Ended December 31		For the Year Ended December 31		For the Year Ended December 31	
	2023	2022	2023	2022	2023	2022
Profit or loss	\$ 8,462	\$ 26,140	\$ 480	\$ 41	\$ 6,521	\$ 7,719

b) Interest rate risk

The Company was exposed to interest rate risk because the Company borrowed funds at both fixed and floating interest rates.

The carrying amounts of the Company's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	December 31	
	2023	2022
Fair value interest rate risk		
Financial assets	\$ 2,904,952	\$ 2,864,690
Financial liabilities	65,507	106,632
Cash flow interest rate risk		
Financial assets	1,053,506	1,127,031

Sensitivity analysis

The sensitivity analysis below was determined based on the Company's exposure to interest rates for both derivative and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the reporting period was outstanding for the whole year.

If interest rates had been 0.1% higher/lower and all other variables were held constant, the Company's pre-tax profit for the years ended December 31, 2023 and 2022 would increase/decrease by \$1,053 thousand and \$1,127 thousand, respectively, which was mainly attributable to the Company's exposure to interest rates on variable-rate net assets. The Company's pre-tax other comprehensive income for the years ended December 31, 2023 and 2022 would decrease/increase by \$111 thousand and \$29 thousand, respectively, which was mainly due to the changes in the fair value of investments in fixed-rate debt instruments at FVTOCI.

c) Other price risk

The Company was exposed to equity price risk through its investments in listed equity securities, convertible bonds, structured notes of listed companies and mutual funds investments. The Company does not actively trade these investments. The Company's equity price risk is mainly concentrated in equity instruments operating in the semiconductor industry, finance and insurance industries structured notes, convertible bonds, structured notes, and exchange-traded funds quoted on the Taiwan Stock Exchange and the Taipei Exchange.

Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to equity price risks at the end of the reporting period.

If equity prices had been 5% higher/lower, pre-tax income for the years ended December 31, 2023 and 2022 would have increase/decreased by \$26,865 thousand and \$23,556 thousand, respectively, as a result of changes in fair value of financial assets at FVTPL. Pre-tax other comprehensive income for the years ended December 31, 2023 and 2022 would have increased/decreased by \$16,278 thousand and \$12,211 thousand, respectively, as a result of the changes in the fair value of financial assets at FVTOCI.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. At the end of the reporting period, the Company's maximum exposure to credit risk, which would cause a financial loss to the Company due to the failure of the counterparty to discharge its obligation and due to the financial guarantees provided by the Company, could be equal to the carrying amount of the respective recognized financial assets as stated in the balance sheets.

To mitigate credit risk, the management of the Company assigns a dedicated team responsible for credit line decisions, credit approvals and other monitoring procedures to ensure appropriate actions are taken for the collections of overdue receivables. In addition the Company reviews conditions on each collecting receivable to ensure the uncollectible amounts are provided with appropriate impairment losses. Accordingly, the management of the Company believes that the credit risk of the Company has been significantly reduced.

In addition, since the counterparties of liquidity and derivative financial instruments are banks with sound credit ratings, the credit risk is limited.

Apart from customers whose total accounts receivable constitute more than 10% of the Company's total trade receivables, the Company did not have significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Company's concentration of credit risk was 47% and 63% of total trade receivables as of December 31, 2023 and 2022, respectively. The credit risk is minimal because the customers which account for more than 10% of the Company's trade receivables balance are creditworthy companies.

3) Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Company's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Company relies on bank borrowings as a significant source of liquidity. As of December 31, 2023 and 2022, the Company had available unutilized short-term bank loan facilities set out in (c) below.

a) Liquidity and interest rate risk tables for non-derivative financial liabilities

The following table details the Company's remaining contractual maturities for its non-derivative financial liabilities with agreed repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company can be required to pay. The table included both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

December 31, 2023

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	Total
<u>Non-derivative financial liabilities</u>					
Non-interest bearing liabilities	\$ 731,388	\$ 712,095	\$ 476,549	\$ -	\$ 1,920,032
Lease liabilities	2,280	4,534	20,290	39,479	66,583

December 31, 2022

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	Total
<u>Non-derivative financial liabilities</u>					
Non-interest bearing liabilities	\$ 540,886	\$ 425,326	\$ 787,991	\$ -	\$ 1,754,203
Fixed interest rate liabilities	18,147	-	-	-	18,147
Lease liabilities	2,314	4,465	19,870	63,893	90,542

The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities were subject to change if changes in variable interest rates were to differ from those estimates of interest rates determined at the end of the reporting period.

b) Liquidity and interest rate risk table for derivative financial liabilities

The following table details the Company's liquidity analysis of its derivative financial instruments. The table is based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed is determined by reference to the projected interest rates as illustrated by the yield curves at the end of the reporting period.

December 31, 2023

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years
Foreign exchange forward and foreign exchange swaps contracts				
Inflows	\$ 153,495	\$ 863,229	\$ 988,535	\$ -
Outflows	(152,760)	(860,156)	(985,293)	-
	<u>\$ 735</u>	<u>\$ 3,073</u>	<u>\$ 3,242</u>	<u>\$ -</u>

December 31, 2022

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years
Foreign exchange forward and foreign exchange swaps contracts				
Inflows	\$ 371,440	\$ 663,007	\$1,269,867	\$ -
Outflows	(370,256)	(660,197)	(1,263,730)	-
	<u>\$ 1,184</u>	<u>\$ 2,810</u>	<u>\$ 6,137</u>	<u>\$ -</u>

c) Financing facilities

	December 31	
	2023	2022
Unsecured bank overdraft facilities, reviewed annually and payable on demand:		
Amount used	\$ -	\$ 18,119
Amount unused	3,236,920	3,164,601
	<u>\$ 3,236,920</u>	<u>\$ 3,182,720</u>

31. TRANSACTIONS WITH RELATED PARTIES

In addition to those disclosed in other notes, detail of transactions between the Company and related parties are disclosed below:

a. Related party name and category

Related Party Name	Related Party Category
Sensortek Technology Corp.	Subsidiary
Forcelead Technology Corp.	Subsidiary
mCore Technology Corp.	Subsidiary
INFSitronix Technology Corp.	Subsidiary
Sync-Tech System Corp.	Subsidiary
Sitronix Investment Corp.	Subsidiary
HeFei Sitronix Co., Ltd.	Subsidiary
HeFei ezGreen Co., Ltd.	Subsidiary
ezGreen Inc.	Subsidiary
Sitronix Technology (Shenzhen) Co., Ltd.	Subsidiary
Seer Microelectronics, Inc.	Subsidiary (Note)
Silicon Power Computer & Communications Inc.	Substantive related party
ezGlobal Corp.	Substantive related party

Note : In 2023, the Company acquired Seer Microelectronics, Inc. by subscribing to its issued shares through capital increase. As a result, the Company has accumulated a 72.66% equity stake therefore, it is classified as a subsidiary.

b. Sales of goods

Related Party Category	For the Year Ended December 31	
	2023	2022
Subsidiary	\$ 142,413	\$ 167,771
Substantive related party	102	284
	<u>\$ 142,515</u>	<u>\$ 168,055</u>

The transactions for related parties were negotiated under the terms of general transactions and prices.

c. Purchases

Related Party Category/Name	For the Year Ended December 31	
	2023	2022
<u>Subsidiary</u>		
Sensortek Technology Corp.	\$ 1,733,011	\$ 1,411,260
Forcelead Technology Corp.	74,941	92,514
Others	22,034	6,281
	<u>\$ 1,829,986</u>	<u>\$ 1,510,055</u>

The transactions in which the Company purchases goods from related parties were negotiated under the terms of general transactions and prices.

d. Manufacturing expenses

Related Party Category	For the Year Ended December 31	
	2023	2022
Subsidiary	<u>\$ 40,808</u>	<u>\$ 55,141</u>

The transactions in which the Company made payments of manufacturing expenses to related parties were subject to contractual agreements as there were no similar transactions for comparison.

e. Operating expenses

Related Party Category	For the Year Ended December 31	
	2023	2022
Subsidiary	\$ 177,520	\$ 162,462
Substantive related party	1,034	985
	<u>\$ 178,554</u>	<u>\$ 163,447</u>

The transactions in which the Company made payments of operating expenses to related parties were subject to contractual agreements as there were no similar transactions for comparison.

f. Other operating income and expenses

Related Party Category	For the Year Ended December 31	
	2023	2022
Subsidiary	<u>\$ 381</u>	<u>\$ 343</u>

The transactions in which the Company made collections or payments of other operating income and expenses to related parties were subject to contractual agreements as there were no similar transactions for comparison.

g. Handling fee revenue

Related Party Category	For the Year Ended December 31	
	2023	2022
Subsidiary	\$ 686	\$ 1,390

The transactions in which the Company made collections of handling fees to related parties were subject to contractual agreements as there were no similar transactions for comparison.

h. Other income

Related Party Category	For the Year Ended December 31	
	2023	2022
Subsidiary	\$ 2,854	\$ 41

The transactions in which the Company made collections of other income to related parties primarily involve proceeds generated from transactions of patent rights, there were subjects to contractual agreements as there were no similar transactions for comparison.

i. Trade receivables from related parties

Related Party Category	December 31	
	2023	2022
Subsidiary	\$ 28,887	\$ 34,268
Substantive related party	-	26
	\$ 28,887	\$ 34,294

The outstanding trade receivables from related parties were unsecured. No loss allowance were recognized for trade receivables from related parties for the years ended December 31, 2023 and 2022.

j. Other receivables from related parties (excluding loans to related parties)

Related Party Category	December 31	
	2023	2022
Subsidiary	\$ 14,616	\$ 20,243

Other receivables from related parties are mainly generated from endorsement guarantee fees and collection and payment.

k. Prepayment

Related Party Category	December 31	
	2023	2022
Substantive related party	\$ 20	\$ 258
Subsidiary	18	17
	\$ 38	\$ 275

l. Trade payables to related parties

Related Party Category/Name	December 31	
	2023	2022
<u>Subsidiary</u>		
Sensortek Technology Corp.	\$ 339,158	\$ 168,438
Forcelead Technology Corp.	10,865	10,334
Others	3,638	874
	<u>\$ 353,661</u>	<u>\$ 179,646</u>

The outstanding trade payables to related parties are unsecured.

m. Other payables to related parties

Related Party Category	December 31	
	2023	2022
Subsidiary	\$ 7,686	\$ 21,527
Substantive related party	353	182
	<u>\$ 8,039</u>	<u>\$ 21,709</u>

Other payables to related parties are mainly due to technical service expenditure and manufacturing expenses.

n. Disposal of property, plant and equipment

Related Party Category	Disposal Proceeds		Gain (Loss) on Disposal	
	For the Year Ended		For the Year Ended	
	December 31		December 31	
	2023	2022	2023	2022
Subsidiary	<u>\$ -</u>	<u>\$ 123</u>	<u>\$ -</u>	<u>\$ -</u>

The term of the transaction of disposal of property, plant and equipment from a related party was subject to a contractual agreement as there was no similar transaction for comparison.

o. Lease arrangement - the Company is lessor

Operating lease rental

Future lease receivable are as follows:

Related Party Category	December 31	
	2023	2022
Subsidiary	\$ 101,939	\$ 21,943
Substantive related party	508	508
	<u>\$ 102,447</u>	<u>\$ 22,451</u>

Lease income was as follows:

Related Party Category/Name	For the Year Ended December 31	
	2023	2022
<u>Subsidiary</u>		
Sync-Tech System Corp.	\$ 7,248	\$ 7,240
Forcelead Technology Corp.	6,310	5,085
Others	4,193	4,176
Subtotal	17,751	16,501
Substantive related party	2,039	2,036
	<u>\$ 19,790</u>	<u>\$ 18,537</u>

Deposit interest

Subsidiary	\$ 41	\$ 21
Substantive related party	5	3
	<u>\$ 46</u>	<u>\$ 24</u>

The Company leases investment properties to subsidiaries and substantive related parties mainly through operating leases and the lease period is 1 to 5 years. Rental income from related parties are based on contractual agreements as there were no similar transactions for comparison.

p. Disposal of specialized technology

Related Party Category	Line Item	Disposal Proceeds		Gain (Loss) on Disposal (Note)	
		For the Year Ended December 31		For the Year Ended December 31	
		2023	2022	2023	2022
Subsidiary	Long-term equity investment accounted for using the equity method	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,101</u>	<u>\$ 19,009</u>

Note : Since there are no related similar transactions for comparison for the transactions between the Company and its subsidiaries, the transaction terms are calculated in accordance with the contractual agreements. And \$17,101 thousand and \$19,009 thousand had been realized for the years ended December 31, 2023 and 2022, respectively; the remaining disposal gain will be deferred.

q. Guarantee deposits received

Related Party Category/Name	December 31	
	2023	2022
<u>Subsidiary</u>		
Forcelead Technology Corp.	\$ 7,402	\$ 20,100
Others	2,027	2,027
Subtotal	9,429	22,127
Substantive related party	356	356
	<u>\$ 9,785</u>	<u>\$ 22,483</u>

The guarantee deposits received are mainly generated from the related parties jointly obtain the purchase quota guarantee from the supplier and the rental deposits.

r. Loans to related parties

Related Party Category	December 31	
	2023	2022
Other receivables from related parties		
Subsidiary	<u>\$ 6,000</u>	<u>\$ 10,000</u>
Related Party Category	For the Year Ended December 31	
	2023	2022
Interest Income		
Subsidiary	<u>\$ 394</u>	<u>\$ 308</u>

The Company provides short-term loans to subsidiaries with interest rates ranging from 1.95% and 1.9%~2.1% in December 31, 2023 and 2022, respectively. As there were no similar transactions for comparison, the terms of the transaction were subject to contractual agreements.

s. Endorsements and guarantees provided by the Company

Related Party Category	December 31	
	2023	2022
Subsidiary		
Amount endorsed	<u>\$ 900,000</u>	<u>\$ 700,000</u>
Actual amount borrowed	<u>\$ 91,397</u>	<u>\$ 175,960</u>

The Company provides endorsement guarantees for subsidiaries to obtain purchase contracts from suppliers and bank credit lines. The terms and conditions of the transaction for the collection of relevant handling fees shall be subject to contractual agreements, as there were no similar transactions for comparison.

t. Remuneration of key management personnel

	For the Year Ended December 31	
	2023	2022
Short-term employee benefits	\$ 104,093	\$ 154,948
Post-employment benefits	807	795
Share-based payments	-	-
	<u>\$ 104,900</u>	<u>\$ 155,743</u>

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and the Company's profits.

32. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for the tariff of imported raw materials guarantees:

	December 31	
	2023	2022
Pledged deposits	<u>\$ 29,535</u>	<u>\$ 47,287</u>

Pledged fixed deposits are classified as financial assets measured at amortized cost-current.

33. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACTUAL COMMITMENTS

In addition to those disclosed in other notes, the significant commitments of the Company at the balance sheet date are as follows:

a. Long-term purchase agreements

The Company entered into long-term purchase agreements of materials with suppliers in 2021. Both parties agreed that during the contract period, the suppliers would deliver the materials to the Company in accordance with the agreements. The Company has paid the suppliers USD30,189 thousand as guarantee to ensure the supply of materials. The rights and obligations of both parties are based on the content of each agreement. Presented by prepayment for purchase and refundable deposits were USD10,000 thousand and USD20,189 thousand, respectively.

As of December 31, 2023, the Company assesses that prepayment for purchase made under signed capacity guarantee agreements was written off due to estimated unrealizability, the impairment loss was classified as cost of goods sold. This estimation could be adjusted due to the market demand fluctuates in the future. As of December 31, 2023, the unused prepayment for purchase has been fully recognized for impairment.

As of December 31, 2023, the balance of the refundable deposits was USD 13,896 thousand.

b. Long-term supply agreements

The Company entered into long-term supply agreements of products with clients from 2021 to 2022. Both parties agreed that during the contract period, the Company would deliver the products to clients in accordance with the agreements. The Company has collected USD2,760 thousand as a guarantee to ensure the supply of products. The rights and obligations of both parties are based on the content of each agreement.

As of December 31, 2023, the balance of the guarantee deposits received was USD1,026 thousand.

34. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Company's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between foreign currencies and respective functional currencies were as follows:

December 31				
2023			2022	
Foreign Currency		Exchange Rate	Foreign Currency	Exchange Rate
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$ 47,465	30.705	\$ 45,974	30.710
JPY	50,919	0.2172	4,701	0.2324
CNY	30,143	4.3270	35,022	4.4080
<u>Non-monetary items</u>				
USD	12,181	30.705	8,995	30.710
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD	41,953	30.705	28,950	30.710
JPY	6,724	0.2172	1,133	0.2324

For the years ended December 31, 2023 and 2022, please refer to Note 23(i) for the information of realized and unrealized net foreign exchange gains (losses). It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions of the entities in the Company.

35. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions and b. information on investees:

- 1) Financing provided to others: Table 1 (attached)
- 2) Endorsements/guarantees provided: Table 2 (attached)
- 3) Marketable securities held (excluding investment in subsidiaries): Table 3 (attached)
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: None
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: Table 4
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 5 (attached)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None

- 9) Trading in derivative instruments: Note 7 and Note 30
- 10) Information on investee: Table 6 (attached)
- c. Information on investments in mainland China: Tables 7 and 8 (attached)
- d. Information of major shareholders: list all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: Table 9 (attached)

SITRONIX TECHNOLOGY CORPORATION AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS

FOR THE YEAR ENDED DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Amount Borrowed	Interest Rate	Nature of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limits
													Item	Value		
0	The Company	mCore Technology Corp. Scer Microelectronics, Inc. INFStironux Technology Corp.	Other receivables from related parties Other receivables from related parties Other receivables from related parties	Yes Yes Yes	\$ 100,000 60,000 100,000	\$ 50,000 60,000 100,000	\$ - - 6,000	- - 1.95%	For financing For financing For financing	\$ - - -	Working capital Working capital Working capital	\$ - - -	- - -	\$ 2,199,038 2,199,038 2,199,038	\$ 4,398,075 4,398,075 4,398,075	

Note 1: The description is as follows

1. Lender is numbered as 0.
2. Investee is numbered sequentially from 1.

Note 2: According to the "Financing providing and operation management method", the total amount and the available amount to any individual for lending are as follows:

1. The total amount for lending shall not exceed forty percent of SITRONIX's net worth. However the total amount lendable to any subsidiary for short-term financing could upper to the total available amount of the company.
2. The total amount for lending to or lending from any directly or indirectly hold foreign subsidiaries with 100% ownership, shall not exceed 40% of the net worth of the lending company. The total amount for lending to any individual shall not exceed 50% of the total available amount.
3. Where funds are lent to a company or business with business relationships with the Company, the total amount for lending to any individual shall not exceed the amount of business transaction between the two parties. Amount of business transaction defines the highest amount of purchase or sales.
4. The total amount for lending to any individual shall not exceed 50% of the Company's net worth for the company or firm that needs short-term financing.

SITRONIX TECHNOLOGY CORPORATION AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED

FOR THE YEAR ENDED DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Endorser/ Guarantor	Endorsee/Guaranteee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Note 2)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Amount Borrowed	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement to Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 2)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship										
0	The Company	HeFei Sitronix Technology Co., Ltd.	Subsidiary	\$ 5,497,594	\$ 100,000	\$ 100,000	\$ -	\$ -	0.91	\$ 5,497,594	Yes	-	Yes
		mCore Technology Corp.	Subsidiary	5,497,594	100,000	100,000	11,564	-	0.91	5,497,594	Yes	-	-
		HeFei Sitronix Co., Ltd.	Subsidiary	5,497,594	400,000	400,000	75,227	-	3.64	5,497,594	Yes	-	Yes
		Seer Microelectronics, Inc.	Subsidiary	5,497,594	200,000	200,000	-	-	1.82	5,497,594	Yes	-	-
		INFOSitronix Technology Corp.	Subsidiary	5,497,594	100,000	100,000	4,606	-	0.91	5,497,594	Yes	-	-

Note 1: The description is as follows

1. Lender is numbered as 0.
2. Investee is numbered sequentially from 1.

Note 2: According to the "endorsement guarantee operation management measures" of Sitronix Technology Corp. The total amount of endorsement guarantee shall not exceed 50% of the net value in the latest year's financial statements audited by CPA. The amount of endorsement guarantee for a single enterprise shall not exceed 25% of the net value of the latest year's financial statements audited by CPA. However, the amount of endorsement guarantee for the company that directly and indirectly holds more than 50% of the voting shares of a company shall not exceed 50% of the net value of the latest year's financial statements audited by CPA.

SITRONIX TECHNOLOGY CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023			Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value
The Company	Bond FORCAY 3.375% 04/22/2025, USD Bond	-	Financial assets at amortized cost - non-current	-	\$ 30,870	-	\$ 30,870
	TSMC ARIZONA CORP 4.125% 04/22/2029, USD Bond	-	Investments in debt instruments at fair value through other comprehensive income - non-current	-	30,189	-	30,189
	TAIWAN MOBILE first Unsecured Straight Corporate Bond in 2023	-	Investments in debt instruments at fair value through other comprehensive income - non-current	-	49,738	-	49,738
	GS 5.8% 12/18/2033, USD Bond	-	Investments in debt instruments at fair value through other comprehensive income - non-current	-	31,491	-	31,491
	Chaillese Holding Company Limited first Unsecured Convertible Bond	-	Financial assets at fair value through profit or loss - current	100,000	9,910	-	9,910
	Topco Technologies Corp. first Unsecured Convertible Bond	-	Financial assets at fair value through profit or loss - current	200,000	21,840	-	21,840
	Yulon Motor Co., Ltd. third Unsecured Convertible Bond	-	Financial assets at fair value through profit or loss - current	65,000	6,939	-	6,939
	Gloria Material Technology Corp. seventh Unsecured Convertible Bond	-	Financial assets at fair value through profit or loss - current	100,000	10,665	-	10,665
	Ennoconn Corporation fifth Unsecured Convertible Bond	-	Financial assets at fair value through profit or loss - current	100,000	10,885	-	10,885
	Yulon Finance Corp. second Unsecured Convertible Bond	-	Financial assets at fair value through profit or loss - current	100,000	10,170	-	10,170
	Taishin Financial Holding Co., Ltd. first Unsecured Exchangeable Bond	-	Financial assets at fair value through profit or loss - current	200,000	20,760	-	20,760
	Derivatives 6M USD FCN [GOOG+AMD+QCOM] 14.88% 06/20/2024	-	Financial assets at fair value through profit or loss - current	-	15,466	-	15,466
	Taishin Financial Holding Co., Ltd. E1 Credit Linked Structured Product	-	Financial assets at fair value through profit or loss - non-current	-	35,106	-	35,106
	Gemtek Technologies Co., Ltd. sixth Credit Linked Structured Product	-	Financial assets at fair value through profit or loss - non-current	-	10,031	-	10,031
	Gloria Material Technology Corp. seventh Credit Linked Structured Product	-	Financial assets at fair value through profit or loss - non-current	-	25,233	-	25,233
	Ennoconn Corporation fifth Credit Linked Structured Product	-	Financial assets at fair value through profit or loss - non-current	-	20,091	-	20,091
	Yulon Finance Corp. second Credit Linked Structured Product	-	Financial assets at fair value through profit or loss - non-current	-	20,094	-	20,094

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023			Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	
The Company	Sercomm Corp. sixth Credit Linked Structured Product	-	Financial assets at fair value through profit or loss - non-current	-	\$ 15,017	-	\$ 15,017 Note 1
	Taiwan Mask Corp. third Credit Linked Structured Product	-	Financial assets at fair value through profit or loss - current	-	40,154	-	40,154 Note 1
	Ultra Chip, Inc. second Credit Linked Structured Product	-	Financial assets at fair value through profit or loss - current	-	30,142	-	30,142 Note 1
	Wah Lee Industrial Corp. third Credit Linked Structured Product	-	Financial assets at fair value through profit or loss - current	-	20,062	-	20,062 Note 1
	Fund						
	KGI Taiwan Assets Fund	-	Financial assets at fair value through profit or loss - current	5,503,962	65,634	-	65,634 Note 1
	UPAMC Taiwan Smart Strategy fund	-	Financial assets at fair value through profit or loss - current	1,000,000	11,430	-	11,430 Note 1
	UPAMC CB Strategy fund	-	Financial assets at fair value through profit or loss - current	10,000,000	110,498	-	110,498 Note 1
	Cathay U.S. Treasury 20+ Year Bond ETF	-	Financial assets at fair value through profit or loss - current	530,000	16,859	-	16,859 Note 1
	Jih Sun Vietnam Opportunity Fund A (TWD)	-	Financial assets at fair value through profit or loss - current	1,202,815	9,839	-	9,839 Note 1
	Stock						
	Fubon Financial Holding Co., Ltd.	-	Financial assets at fair value through profit or loss - current	7,354	476	-	476 Note 1
	Silicon Power Computer & Communications Inc.	Substantive related party	Investments in equity instruments at fair value through other comprehensive income - current	4,198,701	154,932	-	154,932 Note 1
	Taishin Financial Holding Co., Ltd. Preferred Share E	-	Investments in equity instruments at fair value through other comprehensive income - current	189,000	9,658	-	9,658 Note 1
	Taishin Financial Holding Co., Ltd. Preferred Share E II	-	Investments in equity instruments at fair value through other comprehensive income - current	474,000	21,638	-	21,638 Note 1
	WPG Holdings Limited Preferred Share A	-	Investments in equity instruments at fair value through other comprehensive income - current	690,000	32,430	-	32,430 Note 1
	Chailease Holding Company Limited Preferred Share A	-	Investments in equity instruments at fair value through other comprehensive income - current	250,000	24,475	-	24,475 Note 1
	WT Microelectronics Co., Ltd. Preferred Share A	-	Investments in equity instruments at fair value through other comprehensive income - current	1,000,000	45,650	-	45,650 Note 1
	Fubon Financial Holding Co., Ltd. Preferred Share A	-	Investments in equity instruments at fair value through other comprehensive income - current	175,000	10,692	-	10,692 Note 1
	Cathay Financial Holding Co., Ltd. Preferred Share A	-	Investments in equity instruments at fair value through other comprehensive income - current	131,000	7,808	-	7,808 Note 1
	Nan Ya Plastics Corporation	-	Investments in equity instruments at fair value through other comprehensive income - current	150,000	9,975	-	9,975 Note 1

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023			Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	
The Company	Kwong Lung Enterprise Co., Ltd	-	Investments in equity instruments at fair value through other comprehensive income - current	146,000	\$ 8,307	-	Note 1
	G-tech Electronics Co., Ltd.	-	Investments in equity instruments at fair value through other comprehensive income - current	307,000	-	2	-
	Equity Investment HANS GLOBAL SELECT FUND LIMITED	-	Investments in equity instruments at fair value through other comprehensive income - non-current	120,000	296,877	-	Note 3
	Fong Huang Innovation Investment Co., Ltd.	-	Investments in equity instruments at fair value through other comprehensive income - non-current	3,000,000	35,565	9	Note 3
	Fong Huang II Innovation Investment Co., Ltd.	-	Investments in equity instruments at fair value through other comprehensive income - non-current	3,000,000	34,658	7	Note 3
	Top Taiwan XIII Venture Capital Co., Ltd.	-	Investments in equity instruments at fair value through other comprehensive income - non-current	10,000,000	94,844	12	Note 3
	Fong Huang IV Innovation Investment Co., Ltd.	-	Investments in equity instruments at fair value through other comprehensive income - non-current	1,500,000	18,627	6	Note 3
	Limited Partnership CDIB-Innolux Limited Partnership	-	Financial assets at fair value through profit or loss - non-current	4,953,300	60,965	-	Note 3
	Megawood Green Technology Fund L.P.	-	Financial assets at fair value through profit or loss - non-current	2,250,000	21,209	-	Note 3
	Equity Investment HANS GLOBAL SELECT FUND LIMITED	-	Investments in equity instruments at fair value through other comprehensive income - non-current	111,500	275,848	-	Note 3
Sitronix Investment Corp.	Bond HSBC 3.75% 05/24/2024 USD Bond	-	Investments in debt instruments at fair value through other comprehensive income - current	-	15,237	-	Note 1
	TSMC ARIZONA CORP 4.125% 04/22/2029 USD Bond	-	Investments in debt instruments at fair value through other comprehensive income - non-current	-	30,189	-	Note 1
	TSMC ARIZONA CORP 3.875% 04/22/2027 USD Bond	-	Investments in debt instruments at fair value through other comprehensive income - non-current	-	30,084	-	Note 1
	China Huadian Corporation 3.375% Perpetual USD Bond	-	Investments in debt instruments at fair value through other comprehensive income - non-current	-	29,701	-	Note 1
	CITI 2.80% 06/15/2025 USD Bond	-	Investments in debt instruments at fair value through other comprehensive income - non-current	-	29,473	-	Note 1
	TSMC ARIZONA CORP 2.5% 10/25/2031 USD Bond	-	Investments in debt instruments at fair value through other comprehensive income - non-current	-	26,419	-	Note 1
Sensortek Technology Corp.							

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023			Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	
Sensortek Technology Corp.	FORCAY 3.375% 04/22/2025 USD Bond	-	Investments in debt instruments at fair value through other comprehensive income - non-current	-	\$ 15,007	-	Note 1
	GS 5.8% 12/18/2033 USD Bond	-	Investments in debt instruments at fair value through other comprehensive income - non-current	-	31,491	-	Note 1
	Chailease Holding Company Limited first Unsecured Convertible Bond	-	Financial assets at fair value through profit or loss - current	287,000	28,442	-	Note 1
	Gloria Material Technology Corp. seventh Unsecured Convertible Bond	-	Financial assets at fair value through profit or loss - current	100,000	10,665	-	Note 1
	Yulon Motor Co., Ltd. third Unsecured Convertible Bond	-	Financial assets at fair value through profit or loss - current	40,000	4,270	-	Note 1
	Taishin Financial Holding Co., Ltd. first Unsecured Exchangeable Bond	-	Financial assets at fair value through profit or loss - current	200,000	20,760	-	Note 1
	Derivatives	-	Financial assets at fair value through profit or loss - current	-	30,105	-	Note 1
	Taiwan Mask Corp. third Credit Linked Structured Product	-	Financial assets at fair value through profit or loss - current	-	30,142	-	Note 1
	Ultra Chip, Inc. second Credit Linked Structured Product	-	Financial assets at fair value through profit or loss - current	-	20,062	-	Note 1
	Wah Lee Industrial Corp. third Credit Linked Structured Product	-	Financial assets at fair value through profit or loss - current	-	35,106	-	Note 1
	Taishin Financial Holding Co., Ltd. E1 Credit Linked Structured Product	-	Financial assets at fair value through profit or loss - non-current	-	9,585	-	Note 1
	R/Tdisplay Corporation second Credit Linked Structured Product	-	Financial assets at fair value through profit or loss - non-current	-	15,017	-	Note 1
	Sercomm Corp. sixth Credit Linked Structured Product	-	Financial assets at fair value through profit or loss - non-current	-	10,031	-	Note 1
	Gemtek Technologies Co., Ltd. sixth Credit Linked Structured Product	-	Financial assets at fair value through profit or loss - non-current	-	25,233	-	Note 1
	Gloria Material Technology Corp. seventh Credit Linked Structured Product	-	Financial assets at fair value through profit or loss - non-current	-	4,771	-	Note 1
	Fund Cathay U.S. Treasury 20+ Year Bond ETF	-	Financial assets at fair value through profit or loss - current	150,000	4,771	-	Note 1
Stock	WT Microelectronics Co., Ltd. Preferred Share A	-	Investments in equity instruments at fair value through other comprehensive income - current	2,000,000	91,300	-	Note 1
	Fubon Financial Holding Co., Ltd. Preferred Share A	-	Investments in equity instruments at fair value through other comprehensive income - current	800,000	48,880	-	Note 1
	Taishin Financial Holding Co., Ltd. Preferred Share E	-	Investments in equity instruments at fair value through other comprehensive income - current	609,000	31,120	-	Note 1
	Chailease Holding Company Limited Preferred Share A	-	Investments in equity instruments at fair value through other comprehensive income - current	300,000	29,370	-	Note 1
	Powertech Technology Inc.	-	Investments in equity instruments at fair value through other comprehensive income - current	168,000	23,688	-	Note 1

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023			Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	
Sensortek Technology Corp.	Taiwan Cement Corp.	-	Investments in equity instruments at fair value through other comprehensive income - current	69,450	\$ 2,420	-	Note 1
	Fubon Financial Holding Co., Ltd.	-	Financial assets at fair value through profit or loss - current	33,621	2,179	-	Note 1
	Sitronix Technology Corp.	The Parent Company	Investments in equity instruments at fair value through other comprehensive income - non-current	606,000	168,468	-	Note 1
Forcelead Technology Corp.	Equity Investment Fong Huang II Innovation Investment Co., Ltd.	-	Investments in equity instruments at fair value through other comprehensive income - non-current	3,000,000	34,658	7	Note 3
	Fund TAISHIN JU LONG Fund	-	Financial assets at fair value through profit or loss - current	1,746,862	22,314	-	Note 1
	Stock WPG Holdings Limited Preferred Share A	-	Investments in equity instruments at fair value through other comprehensive income - current	190,000	8,930	-	Note 1
Sitronix Holding International Ltd.	Bond CITI 2.75% 04/08/2024 USD Bond	-	Investments in debt instruments at fair value through other comprehensive income - current	-	USD 2,978	-	Note 1
	AT&T INC 5.35% 11/01/2066 (TBB) USD Bond	-	Investments in debt instruments at fair value through other comprehensive income - non-current	-	USD 569	-	Note 1
	China Huadian Corporation 3.375% Perpetual USD Bond	-	Investments in debt instruments at fair value through other comprehensive income - non-current	-	USD 967	-	Note 1
	CITI 2.80% 06/15/2025 USD Bond	-	Investments in debt instruments at fair value through other comprehensive income - non-current	-	USD 960	-	Note 1
	GS 5.8% 12/18/2033, USD Bond	-	Investments in debt instruments at fair value through other comprehensive income - non-current	-	USD 1,026	-	Note 1

Note 1: Calculated based on the closing price on December 31, 2023.

Note 2: Listed based on book value.

Note 3: Calculated based on the net value on December 31, 2023.

Note 4: As of December 31, 2023, the above listed marketable securities were neither provided as guarantee nor pledged as collateral for loans.

Note 5: The marketable securities listed in the table above refer to the securities, bonds, beneficiary certificates and securities that fall within the scope of IFRS 9 “Financial Instruments”.

SITRONIX TECHNOLOGY CORPORATION AND SUBSIDIARIES
ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Property	Event Date	Transaction Amount	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer If Counterparty Is A Related Party			Pricing Reference	Purpose of Acquisition	Other Terms
							Property Owner	Relationship	Transaction Date			
Forcelead Technology Corp.	Buildings	2023.9.6	\$ 937,250	\$ 121,870	Winsome Development Co., Ltd.	None	-	-	-	Real estate valuation report and board of directors	Operating Purpose	None

Note 1: Payment amount are classified as prepayments for buildings.

SITRONIX TECHNOLOGY CORPORATION AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE YEAR ENDED DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Related Party	Relationship	Transaction Details			Abnormal Transaction		Notes/Trade Receivable (Payable)		Note	
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance		% of Total
The Company	Sensortek Technology Corp.	Subsidiary	Purchase	\$ 1,733,011	35%	Net 60 days from the ship date	\$ -	-	(\$ 339,158)	(29%)	-

SITRONIX TECHNOLOGY CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEEs (EXCLUDING INFORMATION ON INVESTMENT IN MAINLAND CHINA)
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount (Foreign Currencies in Thousands)		Balance as of December 31, 2023		Net Income (Loss) of the Investee	Share of (Loss) Profit
				December 31, 2023	December 31, 2022	Number of Shares	Percentage of Ownership (%)		
The Company	Sitronix Investment Corp.	Taiwan	Investment	\$ 367,270	\$ 367,270	33,249,060	100.00	(\$ 4,441)	(\$ 4,441)
	Forcelead Technology Corp.	Taiwan	R&D and sales of multi-functional integrated automotive display driver ICs	684,047	717,634	23,197,545	61.01	436,894	291,029
	Sensortek Technology Corp.	Taiwan	R&D, design and sales of sensor integrated circuit products	113,318	113,318	22,529,596	46.06	675,516	305,009
	mCore Technology Corp.	Taiwan	Providing solutions for consumer display and voice/audio related applications.	131,074	131,074	9,583,010	90.73	9,581	8,693
	Sync-Tech System Corp.	Taiwan	Design, manufacturing and maintenance of semiconductor consumables and testing equipment	160,554	160,554	12,403,511	42.19	113,486	48,072
	INFSitronix Technology Corp.	Taiwan	Comprehensive line of Power supervisor IC design	193,559	193,559	9,796,220	58.42	(26,017)	(15,199)
	ezGreen Inc.	Taiwan	Software design and electronic information supply services	160,000	100,000	16,000,000	100.00	(23,847)	(23,847)
	Seer Microelectronics, Inc.	Taiwan	High performance sensor IC with single photon design and applications	95,000	-	9,500,000	72.66	(17,616)	(12,345)
	Sitronix Holding International Ltd.	Samoa	Investment	184,230	184,230	6,000,000	100.00	7,031	7,031
	Sensortek Technology Corp.	Taiwan	R&D, design and sales of sensor integrated circuit products	10	6,000)	2,290	-	675,516	32
Sitronix Investment Corp. ezGreen Inc.	INFSitronix Technology Corp.	Taiwan	Comprehensive line of Power supervisor IC design	10	10	266	-	(26,017)	(1)
	esGMeta Co., Ltd.	Taiwan	Carbon footprint verification, analysis of data on carbon system platforms, execution of carbon reduction projects and commissioning of carbon trading rights	9,500	-	9,500,000	47.50	-	-

Note : Foreign currencies is converted into NTD using the exchange rates of the US dollar to NTD on December 31, 2023.

SITRONIX TECHNOLOGY CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital (Foreign Currencies in Thousands)	Method of Investment	Remittance of Funds		Accumulated Outward Remittance for Investment from January 1, 2023 (Foreign Currencies in Thousands)	Accumulated Outward Remittance for Investment from December 31, 2023 (Foreign Currencies in Thousands)	Net Income (Loss) of the Investee	% Ownership for Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2023	Accumulated Repatriation of Investment Income as of December 31, 2023
				Outward (Foreign Currencies in Thousands)	Inward							
Sitronix Technology (Shenzhen) Co., Ltd.	Computer software and hardware development, sales and after-sales service business and related technical consulting services	\$ 12,282 (USD 400)	Note 1	\$ -	\$ -	\$ 12,282 (USD 400)	\$ 12,282 (USD 400)	\$ 2,151	100%	\$ 2,151	\$ 28,514	\$ 10,237
HeFei ezGreen Co., Ltd.	Design, sales and technical services of Supplier management software development	43,270 (CNY 10,000)	Note 4	-	-	43,270 (CNY 10,000)	43,270 (CNY 10,000)	(9,438)	100%	(9,438)	10,906	-
HeFei Sitronix Co., Ltd.	R&D, design, sales and technical services of integrated circuits and system hardware and software	216,350 (CNY 50,000)	Note 5	-	-	97,358 (CNY 22,500)	97,358 (CNY 22,500)	47,393	90%	42,654	449,489	-
HeFei Sitronix Technology Co., Ltd.	R&D and sale of integrated circuits; R&D, service and sales of integrated circuits chip	151,445 (CNY 35,000)	Note 6	21,635 (CNY 5,000)	-	129,810 (CNY 30,000)	151,445 (CNY 35,000)	(8,397)	100%	(8,397)	139,304	-

Investor Company	Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2023 (Foreign Currencies in Thousands)		Investment Amount Authorized by the Investment Commission, MOEA (Foreign Currencies in Thousands)		Upper Limit on the Amounts of Investment Stipulated by Investment Commission, MOEA	
Sitronix Technology Corporation	\$ 326,456 (US\$ 10,632)	\$ 691,937 (US\$ 22,535)	\$ 691,937 (US\$ 22,535)	\$ 691,937 (US\$ 22,535)	\$6,597,113	
Forelead Technology Corp.	\$ - (US\$ -)	\$ 23,888 (US\$ 788)	\$ 23,888 (US\$ 788)	\$ 23,888 (US\$ 788)	\$1,004,704	

Note 1: Direct Investment, as of December 31, 2023, the total investment amount approved by the Investment Commission, MOEA, is US\$400 thousand, and the investment amount of US\$400 thousand has been remitted.

Note 2: Foreign currencies are converted into NTD using the exchange rates of the US dollar and CNY to NTD on December 31, 2023.

Note 3: According to the Investment Commission, MOEA, 60% of the net value of investments in mainland China is set.

Note 4: Direct Investment, as of December 31, 2023, the total investment amount approved by the Investment Commission, MOEA, is CNY10,000 thousand, and the investment amount of CNY10,000 thousand has been remitted.

Note 5: Direct Investment, as of December 31, 2023, the total investment amount approved by the Investment Commission, MOEA, is CNY45,000 thousand, and the investment amount of CNY22,500 thousand has been remitted, and the capital increase from capital surplus in the amount of CNY22,500 thousand.

Note 6: Direct Investment, as of December 31, 2023, the total investment amount approved by the Investment Commission, MOEA, is CNY90,000 thousand, and the investment amount of CNY35,000 thousand has been remitted.

SITRONIX TECHNOLOGY CORPORATION AND SUBSIDIARIES

SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES

FOR THE YEAR ENDED DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Relationship	Transaction Type	Total Operating Expenses		Price	Transaction Details		Notes/Accounts Receivable (Payable)		Unrealized (Gain) Loss	Note
				Amount	%		Payment Terms	Comparison with Normal Transactions	Ending Balance	%		
The Company	Sitronix Technology (Shenzhen) Co., Ltd	From the parent company to the subsidiary	Professional service fees	\$ 177,367	11%	Calculated based on the contract	Calculated based on the contract	No related similar transactions to follow	\$ -	-	\$ -	-

TABLE 9**SITRONIX TECHNOLOGY CORPORATION AND SUBSIDIARIES****INFORMATION ON MAJOR SHAREHOLDERS
DECEMBER 31, 2023**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Capital Tip customized Taiwan Select High Dividend ETF	8,437,000	7.02

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: If a shareholder delivers the shareholdings to a trust, the above information will be disclosed by the individual trustee who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Securities and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to the Market Observation Post System.

Sitronix Technology Corp.

Chairman Vincent Mao

**Headquarters**

11F-1, No. 5, Taiyuan 1st St., Zhubei City
Hsinchu County 302, Taiwan
TEL +886-3-5526500
FAX +886-3-5526501

Taipei Office

6F., No. 608, Ruiguang Rd., Neihu Dist.,
Taipei City 114, Taiwan
TEL +886-2-2659-1276
FAX +886-2-2658-2554